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U.S. Politicians Eye VAT as New Revenue Source

By Art Pine

WASHINGTON, Dec. 10 (WP) — When Americans yearn for new fashions, they turn most frequently to Europe. The Paris gown, Dutch cheese, the Swedish station wagon — all provide a feeling of chic that products made in Oshkosh just cannot seem to match.

So it is no great surprise that in searching for a new tax system, leaders here should be eyeing the European value-added tax, a nifty little revenue-producer that has been used widely on the Continent since 1967.

Like many of today's flashy European imports, the VAT — as it is known among taxophiles — seems for some Americans to have far more flair than its domestic tax counterparts, and likely to get better mileage as well.

The question is, first, whether the value-added tax is suitable for America's larger, more complex economy, and second — whether it is the right vehicle for the job that those advocating the new move seem to have in mind.

What the value-added tax is, in essence, is a form of national sales tax, in which the government levies a tax at each stage of the manufacturing process, based on the value each producer has added to a product.

Just as in the case of a sales tax, the brunt of a value-added tax is paid ultimately by the consumer. But it is listed separately only through the wholesale level. At retail, it is hidden from the customer — as part of the price.

The U.S. flirtation with VAT began in the early 1970s, when the Nixon administration briefly considered the measure as part of a broader plan to spur exports. But the bid ran into stiff opposition from liberals.

However, the issue was revived last week by Sen. Russell Long, D-La., chairman of the Senate Finance Committee, who proposed using VAT to replace part of the present payroll tax, which some say has become too big.

Sen. Long's proposal — to begin looking into a VAT plan, if not actually adopting one — promptly was endorsed, with some caveats, by the House Ways and Means Committee chairman, Al Ullman, D-Ore., who had been toying with the plan for years.

The main reason Rep. Ullman and Sen. Long are considering the move is that, like many members of Congress these days, they are looking for an escape from rising Social Security payroll taxes.

Voters are upset over the increase in payroll taxes, but do not want to use general income-tax revenues to finance the system, for fear of destroying the mythical link between "contributions" and Social Security benefits.

(Actually, that link does not really exist. This year's benefits are financed by this year's payroll tax receipts, not by monies paid in during previous years. But many voters feel more secure believing that it is there.)

On the surface, at least, the value-added tax would seem to provide some attractive features for dealing with the Social Security problem in this country.

It allows lawmakers to turn to a brand new form of tax that could be earmarked specifically for the Social Security trust fund, without

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An Iranian boy, fist raised in symbolic defiance, heads a huge crowd of demonstrators in Tehran. The banner in the foreground proclaims that everyone has the right to take part in the government of his country, and one high in the background says "We will destroy Yankee power in Iran."

Marchers Stay Peaceful

Huge Crowds in Iran Protest Shah's Reign

By Jonathan C. Randal

TEHRAN, Dec. 10 (WP) — Without a single known serious incident, great numbers of Iranians today staged their biggest protest march to date against the authority of Shah Mohamed Reza Pahlavi.

The disciplined march through the capital went on for more than six hours and lent considerable weight to the claim of the religious-dominated opposition that it is an alternative power. Fears of outbreaks of violence did not take place.

Under an agreement with the government, almost all troops and police were absent from most of the capital, especially areas hard hit by arsonists and rioters in earlier demonstrations.

Marshals in the street, and turbaned mullahs atop buses using hand-held loudspeakers, regularly reminded the crowd to avoid acts of violence.

Although the shah's name was mentioned neither on banners nor in chanted slogans, the whole day was an unmistakable show of no confidence in him.

There was solace for the shah, however, in the fact that his eleven-hour concession reversing a martial-law ban on the march spared bloodshed.

Estimates Vary

Estimates of the number of marchers varied considerably. The government-controlled radio first spoke of only "tens of thousands," but later mentioned "around 400,000," while the National Front opposition claimed that 2.5 to 3 million of the capital's 4.5 million residents took part. Conservative crowd-watchers suggested that perhaps 750,000 marched.

Old men, mothers carrying babies in arms, women wearing the full-length veil called the chador, working-class people, middle managers, professional men, and especially many young men took part in the march, which started in seven separate locations.

By the time they all funneled into the main line of march on Shah Reza Avenue for the five-mile walk to the dispersion point at Shahyad Monument, commemorating 2,500 years of Iranian history, the six-lane thoroughfare was solidly packed with people.

Karim Sanjabi, the National Front leader only recently released from prison, hailed the march as proof that Iranians were determined to end "dictatorship, despotism and corruption." He said the presence of the "great human tides" in Tehran was "the best proof of the justice of the cause of our people," and he warned those in Iran and abroad not to count on any "attrition" of Iran's slow-motion revolution.

Theoretically, the processions marked International Human Rights Day and the first of two days commemorating the 1,298th anniversary of the assassination of Hussein, grandson of the Prophet Mohammed and founder of the Shiite sect of Islam, which is Iran's state religion.

But from beginning to end it was the show of Paris-based Ayatollah Ruhollah Khomeini. It was the name of the evil Moslem divine that the crowds chanted time and time again.

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Shuttle Diplomacy Possible

Vance, Sadat Hold 'Constructive' Talk

By John M. Goshko

By Bernard Gwertzman

CAIRO, Dec. 10 (NYT) — U.S. Secretary of State Cyrus Vance held a "very good, full, and constructive" meeting with President Anwar Sadat tonight as he opened the U.S. drive to overcome the obstacles holding up an Egyptian-Israeli peace treaty.

Following the initial 90-minute session at the Egyptian leader's villa on the Nile, 15 miles north of here, neither Mr. Sadat nor Mr. Vance spoke to reporters. But later, a U.S. spokesman, George Sherman, provided the positive description of the meeting. A follow-up session is set for tomorrow.

Mr. Sherman said that after posing with their aides for pictures at the start of the meeting, Mr. Sadat and Mr. Vance met alone. Mr. Vance told Mr. Sadat of President Carter's determination that the Camp David-inspired peace treaty be completed soon and that both Egypt and Israel show the needed flexibility to overcome the last hurdles.

Specifically, Mr. Vance would like Mr. Sadat to drop his objections to the text of a month-old U.S. compromise plan, perhaps through the addition of some explanatory "side letters."

The secretary arrived late yesterday afternoon on an Air Force plane from London and was immediately taken by helicopter to Mr. Sadat's country home in the area known as the Barrages.

After tomorrow evening's session, Mr. Vance will interrupt the negotiations to fly to Israel to join the delegation headed by President Carter's mother, Lillian Carter, at the funeral of former Prime Minister Golda Meir on Tuesday. Mr. Vance intends to have informal discussions with the Israelis on Tuesday, but to return here later that day, flying back to Israel on Wednesday.

"Tough Sledding" Expected

The reporters were also told that the secretary expects "tough sledding" in his mission to Egypt and Israel, a mission that Mr. Vance said yesterday could be extended to include shunting back and forth if that would help resolve the few obstacles still holding up the peace treaty that was agreed upon in outline form at Camp David on Sept. 17.

At Camp David, President Carter, Mr. Sadat and Prime Minister Menachem Begin of Israel set a target date of Dec. 17 for finishing negotiations on the actual peace treaty. But the formal talks have gone much more slowly and with more difficulty than anyone predicted when they began on Oct. 12 in Washington.

In November, Mr. Vance gave to both Egyptian and Israeli negotiators a draft treaty package, which he told them the United States regarded as a fair compromise on the issues raised in the talks. Neither side has fully accepted that draft.

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Begin, Sadat Pledge to Strive for Peace

From Wire Dispatches

OSLO, Dec. 10 — President Anwar Sadat of Egypt and Prime Minister Menachem Begin of Israel pledged themselves today in their acceptance speeches of the Nobel Prize to continued efforts for peace, but they clearly marked out the differences between them.

In a moated fortress used for the ceremony for the first time because of concern about security, Mr. Begin and a personal representative of the Egyptian president, Sayed Marei, received gold medals for work of the two leaders in trying to end the cycle of Middle East wars and hatred.

While demonstrators on the approaches to the 14th century Akershus Castle condemned the awards and demanded a Palestinian homeland, Mr. Marei read aloud a message from Mr. Sadat in which the president said he was determined to pursue "the road to peace, and to leave no avenue unexplored to reach this cherished goal, and to reconcile the sons of Israel and the sons of Isaac."

Mr. Marei explained to the audience of about 250 persons that the president had not come to Oslo because "circumstances particularly related to the negotiations required his presence in Cairo." Mr. Sadat met in Egypt today with Secretary of State Cyrus Vance.

Words Stressed

Mr. Begin, who spoke second, stressed each word as he reiterated the pledge for peace that he and Mr. Sadat made last year during the Egyptian leader's visit to Jerusalem: "No more war. No more bloodshed. We shall negotiate and reach agreement."

Meanwhile, in Stockholm, Nobel Prizes worth \$825,000 were presented today to six Americans, a Swiss, a Briton and a Russian by King Carl XVI Gustaf of Sweden. The first winner at Stockholm's concert hall was professor Piotr Kapitsa, 84-year-old Soviet scientist and a rare visitor to the West. He shared the physics prize with two Americans, Dr. Arno Penzias and Dr. Robert Wilson.

The literature award went to Polish-born, American writer Isaac Bashevis Singer for his Yiddish-language works on the life of East European Jews. Dr. Peter Mitchell of Britain received the chemistry prize, and Swiss professor Werner Arber shared the medicine prize with American professors Hamilton Smith and Daniel Nathans.

The economics prize went to Professor Herbert Simon of the Carnegie-Mellon University in Pittsburgh.

In Oslo, the speeches of Mr. Begin and Mr. Marei both pointed up

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Formula Envisions Short-Stay Camps

Malaysia Agrees to Serve as Refugee Staging Post

KUALA LUMPUR, Malaysia, Dec. 10 (AP) — The United States, Malaysia, Thailand and several other countries have worked out a long-term formula for solving the problems posed by Indochinese refugees fleeing Communist countries in Indochina, senior U.S. and Malaysian officials said today.

The formula, which has the blessings of other countries and representatives of the UN high commissioner for refugees, will be presented to the 40-nation Geneva conference on Indochinese refugees scheduled to begin tomorrow, the officials said.

The United States and Malaysia expect the formula to be approved, perhaps with some modifications, according to officials who helped develop it.

The formula began taking shape as long ago as August, when Malaysian Foreign Minister Ahmad Rithauddeen held talks with U.S. Secretary of State Cyrus Vance in Washington. But it began to crystallize only over the past few weeks, the officials said.

Under the formula, Malaysian Home Affairs Minister Muhammad Ghazali will tell the conference in Geneva that Malaysia is prepared to be the staging post for boat people streaming out of Indochina, they said. The staging post will be a camp where refugees picked up along various parts of the coast can be accommodated for a short while only.

Guarantee Needed

For Malaysia to implement such a staging post there must be a guarantee from the Western nations that every refugee who lands there will be taken away and none will remain in Malaysia, the officials said.

The refugees are to be taken from the staging post quickly to a processing center somewhere in the Pacific. Guam has been suggested by Malaysia, but because of the high cost of maintaining the refugees in Guam and its distance from Southeast Asia a closer location may be sought, the officials said.

They added that a Western nation might offer a lightly populated island in the Pacific for the purpose.

At the processing center, the Western nations and others may take their time in interviewing and selecting refugees for permanent migration, the officials said.

Increased Intake

Under the formula, Thailand, Malaysia, Indonesia, Singapore and other nations of Southeast Asia that are the refugees' main targets as they flee Indochina will call for an increased intake of refugees.

The United States, West Germany, Canada, Australia, France, New Zealand and other nations that have been taking the refugees will be asked to increase the number accepted. And some South American nations attending will be asked to open their doors. Other nations, like Japan, which already suffer from overpopulation, will be asked to contribute aid in cash and goods to help implement the formula, officials said.

The United Nations refugee commission would run the staging post and the processing center.

During the last 40 days, hundreds of Vietnamese each day have landed on Malaysia's northeast coast, pushing the population of the country's Vietnamese refugee camps to more than 6,500 despite

other countries' acceptance of refugees from the camps.

Vietnam at first indicated it was not interested in attending the conference in Geneva, saying it did not want to be accused by Malaysia, the United States and others of abetting the flow of refugees. But it was reported late last week that a Vietnamese delegation will attend, led by its ambassador to France.

quickly the newly released prisoners to the United States in groups of up to 400 a month.

But Mr. Castro and the exiles criticized U.S. reluctance to expedite the admission of the ex-prisoners, some of whom have been free for years, who have expressed a desire to emigrate.

"The United States has differentiated between the two groups," Mr. Castro said. "Many of the ex-prisoners have friends and relatives in the United States" and it was

(Continued on Page 2, Col. 7)

Castro, Exiles Sign Accord

Cuba to Free 3,000 Political Prisoners

By Karen DeYoung

HAVANA, Dec. 10 (WP) — President Fidel Castro yesterday announced the signing of an agreement authorizing the release of more than 3,000 Cuban political prisoners and presented an initial list of 400 prisoners he said would be freed this month.

The agreement, negotiated in the past several weeks with a group of Cuban exiles, also provides for the free exit from Cuba of the current prisoners and at least 12,000 more

former political prisoners and their families.

Following Mr. Castro's announcement, the more than 140 exiles who traveled here Thursday to complete the agreement — some of them former prisoners or veterans of U.S.-sponsored campaigns to overthrow Mr. Castro's government — stood to applaud and sing the Cuban national anthem.

The exile group joined Mr. Castro in describing as a positive step the Justice Department's decision on Friday to screen and admit

many of the newly released prisoners to the United States in groups of up to 400 a month.

But Mr. Castro and the exiles criticized U.S. reluctance to expedite the admission of the ex-prisoners, some of whom have been free for years, who have expressed a desire to emigrate.

"The United States has differentiated between the two groups," Mr. Castro said. "Many of the ex-prisoners have friends and relatives in the United States" and it was

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Poor Nations Were Promised New Funds

Carter Said to Hold Off on Aid Pledge

By Don Oberdorfer

WASHINGTON, Dec. 10 (WP) — Budgetary and political difficulties, the United States is preparing to back down on its promise to substantially increase its aid to developing countries, according to officials here.

In giving tentative approval to Budget Bureau decisions taken in recent weeks, President Carter informed aides that he is not abandoning the U.S. promise but postponing it due to economic circumstances, the sources said.

Mr. Carter's decision not to provide the promised increase in assistance to the developing world contrasts with his reported determination to make good on his promise of a 3-percent hike in U.S. military spending. This and other aspects of recent budgetary decisions have caused dismay among some officials who know of them, and may bring a sharp reaction from Third World countries.

Administration officials said Mr. Carter is also taking a strong stand against any major new aid package to back up the anticipated Egyptian-Israeli peace treaty. Earlier, Vice President Mondale and other senior officials expected that a large increase in aid to Israel and Egypt would be an important piece of legislation in the new Congress.

Mr. Carter surprised them by saying flatly that he is not committed to a major program for this purpose, despite widespread belief to the contrary.

Mr. Carter's budget request to Congress next month will include a bilateral foreign aid figure nearly the same as last year's \$4.5 billion request, according to administration sources. The State Department and the Agency for International Development are expected to mount a routine appeal on this decision, but there is believed to be little likelihood it will succeed.

The budget request will also call for about \$1 billion in U.S. capital for international financial institutions such as the World Bank. This is money to make good on past pledges which have not yet been matched by appropriations.

During his campaign for the presidency Mr. Carter promised to do more for the world's poor nations. As President he approved a high-level interagency recommendation that the United States substantially increase the flow of development assistance to the Third World.

For Injured Vietnam Vet, Mental Wounds Lingered

When Recruit's Body Healed, He Fought Drug Addiction and Despair

By Robert Reinhold

RICHMOND, Va., Dec. 10 (NYT) — For six years, Douglas Schwinn lived in his dreams that terrible afternoon when North Vietnamese troops encircled his infantry company on a godforsaken hill near the Cambodian border.

Drenching sheets of rain lashed the forest, mortar rounds whistled overhead, rifles cracked, the enemy closed in and he hugged the ground in cold terror. Then ripping pains tore through his chest and his arm. As he got up and staggered, another bullet sliced into his leg. A fourth bullet hit his shoulder.

A grenade burst nearby, filling his body with shrapnel.

Now the nightmares have stopped. But long after many Americans have done their best to forget Vietnam, Doug Schwinn cannot. He never will.

Ten years ago I met Doug in Vietnam, just days after he was cut down. His slender, 20-year-old body lay bandaged at an Army hospital. The published story of his medical care and evacuation was a hopeful one. It told of how key advances in military medicine had saved his life and limbs and returned him home to what his Army doctors predicted would be a reasonably normal life.

Though military medicine could heal his body, it could do nothing to prevent the hell Doug Schwinn was to face back home.

It could do nothing to prevent him from slipping into drug addiction and despair. It could not save his marriage or his job, nor prevent his drug arrests and felony convictions. Nor could it prevent him from trying to end the life he had saved.

A Typical Experience

Psychologists who have studied Vietnam veterans such as Doug Schwinn — 300,000 were wounded — say that his experiences were typical. For thousands of young men, the experts say, bodily wounds have healed by now, but not the psychological ones.

The Doug Schwinn story, as it happens, has a happy ending. In the last year he has managed to overcome his addiction to painkillers. Although he still has difficulty finding regular pipe-smoking work close to home, he has a devoted new wife, Mariou, and a stepson, Chris. He lives in a modest garden apartment here.

Thousands of other veterans have not been so fortunate. They are still plagued by drug addiction, sleeplessness, depression, marital discord and other adjustment problems.

And even Doug, before he pulled his life together, paid for 2½ months in Vietnam with 10 years of his life and almost everything he treasured. At 30, he is only now starting out at a point most men reach at 20 — as a newlywed looking for work.

"I lost everything," he said. "I had a good wife. I had a nice home. I lost my son back in Ohio. I'm rebuilding it now. It's been 10 years. But I'm going to rebuild it."

10 Years of Pain

They were 10 years of intense pain, sometimes physical, mostly emotional. There was the wrenching experience, after his divorce, of driving more than 250 miles from Virginia to his hometown in Ohio to see his young son, only to drive past the house, see the boy playing and leave without stopping. Ultimately he would allow his former wife's new husband to adopt the youngster, who had just about forgotten his real father.

The years have changed Doug in many ways. In the hospital, he was an innocent-looking youth with blond peach fuzz on his chin who seemed dazed by what had happened to him and who felt sorry for himself. Today, sitting at the dining room table of his small, immaculate apartment with his wife, he is a strapping man with a mustache and a goatee. It is difficult to see that he was grievously wounded, without a close look at his malformed left hand.

He seems confident and at ease with himself now. He approaches life with maturity and sophistication.

It was out of Barberton, Ohio, in 1968 that the Selective Service

plucked Doug, a 20-year-old who had never used even aspirin. Unquestioning ("I just went ahead and did what I was told to do"), he left a new bride and soon found himself a foot soldier, a grunt, in a faraway war that he has since come to view as a senseless waste.

He never joined the anti-war movement, but he saw things in Vietnam that troubled him. He says he watched in amazement when his lieutenant called in a Cobra gunship and "dusted away" a friendly village in which he reported seeing a woman with a rifle.

He saw heavy combat about 10 times before that day he was killed. As in the movies, his life was saved, he believes, because the bullet was slowed by the Bible in his chest pocket. He still has the bloodstained book, with a ragged hole through the middle, and the slug is still embedded in his chest.

Like thousands of other wounded, he was evacuated by a helicopter to a field hospital near Saigon, and then when his condition stabilized, to the Valley Forge Army Hospital in Phoenixville, Pa., for follow-up treatment. He spent a year and a half there, undergoing 11 operations on his arm alone.

There were many complications. The wounds healed slowly and became infected. The long, idle days were filled with pain, soothed with liberal doses of painkillers. But he finally emerged in relatively good shape in January, 1970, and went home to Ohio.

It was all downhill from there.

"From being on drugs in the hospital, I got hooked on drugs, bad," he said. Codeine, Darvon, Valium and other painkillers became his daily diet. At first they came, legally, from the Veterans Administration. When it finally cut off his supply, he found clever ways to fool pharmacists. He would pretend to be a doctor and call in prescriptions by phone to dozens of drugstores. "I went to pick it up and, you know, they had it all ready for me," he said.

The pills — he popped 30 to 40 a day — slowly destroyed his life. The 6-foot-1-inch veteran's weight dropped to 135 pounds.

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16 W. Germans Die on Icy Roads

BONN, Dec. 10 (AP) — At least 16 persons died in traffic accidents in West Germany this weekend as ice up to three centimeters thick glazed highways throughout the country, police reported.

Eight of the victims were killed in Bavaria, where one mishap blamed on bad weather accounted for half the dead. Police said a car carrying six persons spun out of control yesterday on a curve near Neumarkt and slammed into an oncoming auto. Four of the six were killed, and the two survivors plus the driver of the other vehicle were seriously injured, officers said.

Hazardous conditions were also reported in Schleswig-Holstein, Bremen, Hamburg and hilly regions of North-Rhine-Westphalia, Lower Saxony and Hesse. Ice snarled traffic on autobahns between Frankfurt and Kassel and in northern Germany, creating traffic jams up to 50 kilometers long.

U.S. Officials Hope Shah, Army Can 'Salvage' Regime

By Jim Hoagland

WASHINGTON, Dec. 10 (WP) — Immobilized by the slow collapse of the authority of Shah Mohammed Reza Pahlavi over the past year, U.S. policy-makers are depending on the Iranian Army to get the shah through this crucial weekend and into a position to salvage what he can from the wreckage of his system of total control.

The salvage operation will affect vital U.S. economic, military and political interests, but President Carter continues to resist any moves that would hurt the shah, even if they would improve U.S. chances to influence and perhaps moderate the outcome of the crisis.

Mr. Carter reportedly is being advised in the strongest terms by his national security adviser, Zbigniew Brzezinski, and the U.S. ambassador to Iran, William Sullivan, to take this course.

There is growing concern among lower-level U.S. policy-makers that the United States will have little influence on the outcome in Iran unless the Carter administration moves rapidly and visibly to pave the way for major changes in Iran's power structure.

This emerging policy battle already is sparking a fierce new

round in the Washington bureaucratic exercise of finger-pointing by officials who do not want to be held responsible for a potentially major policy failure.

More fundamentally, the crumbling of another highly valued but now nationally unpopular ally has left the normally activist Carter administration trapped passively in an increasingly familiar but agonizing dilemma of post-Vietnam world politics.

Support for the kind of covert U.S. operations that restored the shah to the throne in 1953 is ruled out as firmly as would be friendly overtures toward the opposition

political forces that may bring him down now.

This dilemma was underscored last weekend as the administration silently watched the failure of the shah's last chance to find a political solution to head off the impending showdown in the streets during the celebration today and tomorrow of the Shiite Muslim holy mourning days.

Direct talks between the shah and leaders of the political opposition on forming a coalition government, previously undisclosed, broke down when the shah adamantly refused to yield any of his control over the Iranian Army and

over the national defense budget to civilian ministers in a coalition government, according to official U.S. sources.

The failure of the secret talks locked the shah and the opposition into the course of risking confrontation in the streets this weekend and for the rest of December, and pulled the Carter administration along that same path. The president could only say Thursday that the United States would not intervene directly in any internal showdown.

U.S. officials acknowledged last week that there had been intense discussion within the administration of a more active American role in bringing the shah and the opposition together, especially on the vital question of the future of the U.S.-trained Iranian military in a power-sharing arrangement between the shah and opposition politicians.

That idea, and others like it, were rejected. "To discuss that in any way in Iran could invite a move against the shah by the generals now," one policy-maker said. "At some point, we may have to begin positioning ourselves in that direction. But that will come only when the storm dies down. For now, we have to batter down the hatches."

Finally, a druggist tripped him up and a squad of narcotics agents arrived and took him to jail. He was tried, convicted and received a suspended one- to five-year sentence, with four years probation.

Divorce proceedings followed. Then he wrecked his new car. But he went right on having phony prescriptions ordered filled. "I just screwed up my whole marriage," he said.

Divorced, he moved to Virginia, where, after a brief unsuccessful stay at a religious retreat, he lived with his retired father in Lynchburg. All the while he popped pills.

Again he was arrested. Again he was convicted. Again a sympathetic judge let him off with probation. He went right back to the drugstore for more pills.

Then, in March of last year, he attempted suicide by swallowing 80 Valium pills and six cans of beer. He woke up three days later, groggy.

As with so many addicts, the decision to change came only when despair was total. "My parents would not have anything to do with me anymore," he said. "They more or less disowned me. I had hurt so many people I didn't have any friends at all. My brother and sister told me never to come around again. I had just hurt and used all my friends. That's when I made up my mind to get off drugs. I was just tired. I was run down."

Strict Program

So last year he committed himself to a strict regimen drug program at the Maguire VA Medical Center in Richmond. There he met Marlou, now his wife.

"He just seemed like a nice decent guy to me," she said, reaching over and touching his wounded left elbow. "I knew from the beginning about his drugs, but that didn't bother me because I knew he was serious. I helped him."

"I have not felt better in my life than right now," Doug said, gazing at Marlou. "I feel good about everything. I'm getting a new start; she's getting a new start."

Doug's apparent recovery is confirmed by his Virginia probation officer, Lynnwood Jones, who said he was "thoroughly convinced" that Doug was free of drugs.

Indeed, he seems to have taken the blame himself for most of his troubles. He insisted that it was all his own weakness.

If Doug truly harbors no deep-seated bitterness, he is unusual, according to Dr. John Wilson of Cleveland State University and Dr. Charles Figley of Purdue, psychologists who have studied hundreds of Vietnam-era veterans.

They say that many, particularly those who saw frequent combat, continue to have severe, often delayed, psychological difficulties accompanied by intense guilt, resentment and anger.

Ability to Change

That Doug Schwinn apparently does not harbor such feelings may help to explain his ability to change. For seven years, he concedes, "nobody could tell me nothing." But he has since matured, developed a love for life and his work (when he has it) and evolved a healthy acceptance of what he is and is not.

What he is now, by all appearances, is a suburban family man.



NOBEL AWARD — Israeli Prime Minister Menachem Begin bows after receiving Nobel Peace Prize yesterday in Oslo from Mrs. Aase Lionaes of the prize committee. Sayed Marei represented President Anwar Sadat of Egypt, co-winner of the prize. Story on Page 1.

Iran's 180,000 Mullahs: Opposition's Cutting Edge

By Nicholas Gage

BABOL, Iran, Dec. 10 (NYT) — A story is being repeated in this prosperous resort city near the Caspian Sea, 130 miles northeast of Tehran, about a hapless policeman who had the audacity to approach a mullah while he was exhorting a crowd on the street, and to tell him to move along.

Without a word, one of the faithful stepped forward, pulled a knife, disemboweled the policeman and went back to listening to the mullah.

The story is probably apocryphal, but it illustrates the way the Iranian faithful feel about their mullahs — especially now, when these Moslem priests are at the core of the revolt against Shah Mohammed Reza Pahlavi.

When Mohammed Hovatti, one of the most popular mullahs in Babol, was arrested three months ago, 20,000 persons — one-fifth of the city's population — flooded into the streets, demonstrating until the police released the mullah three days later.

Mullah Hovatti received visitors yesterday in his small, plaster, four-room house at the end of an alley. The mullah, who was arrested for inciting people to demonstrate, hardly looked like a rabble-rouser. Extremely thin, with a gray beard and wisps of gray hair showing under his white turban, he seemed at least a decade older than his 40 years. Under his brown robe — or *aba* — a gray V-neck sweater was visible. Under that was a white, collarless shirt.

The mullah pulled from his robe a folded photocopy of a picture of

Empress Farah raising a glass of wine in a toast with Hua Kuo-feng, the Chinese leader, during his visit to Iran last summer. "It is an insult to Islam for the wife of the shah to be drinking alcohol," he said sternly.

As he displayed the offending photocopy, two of his three sons came and went with fruit and glasses of tea while some followers knelt in prayer, touching their foreheads to the small, smooth stones of the floor.

U.S. Envoy Reportedly Opposed Iran Evacuation

By David Binder

WASHINGTON, Dec. 10 (NYT) — The White House decision to fly U.S. military and civilian dependents out of Iran at government expense went against recommendations of the U.S. ambassador in Tehran, William Sullivan, according to administration officials.

The decision was made Wednesday evening at a staff meeting headed by Zbigniew Brzezinski, the president's national security adviser, and was supported by George Ball, the former under secretary of state who was appointed last Monday to run an interagency study on Iran.

The limited evacuation was recommended as a response to what was determined to be a deteriorating situation in Iran, which has been rent by strikes and street violence.

Mr. Sullivan had recommended a "business-as-usual" policy for the almost 45,000 Americans living in Iran, the officials said. They added that he had sharply opposed any move that would appear to indicate a lack of confidence in the government of Shah Mohammed Reza Pahlavi. The ambassador was said to oppose especially any such move just before the Moslem high holidays of today and tomorrow.

State Department Proposal

Through Judy Powell, the presidential press spokeswoman, Mr. Brzezinski said that the limited evacuation proposal had originated in the State Department and was raised in the meeting of the standing consultative committee, a staff assembled from the National Security Council, the Defense and State Departments, the Joint Chiefs of Staff and the CIA to deal with emergencies.

Asked last Thursday at a breakfast with reporters whether the shah could survive in office, Mr. Carter replied: "I don't know. I hope so. This is something that is in the hands of the people of Iran."

Mr. Powell said Friday that this was a spontaneous remark and was definitely not influenced by Mr. Ball.

However, the White House acknowledged the equivocal nature of the president's remarks by issuing a statement saying that Mr. Carter was concerned that erroneous interpretations had been made.

Later Mr. Powell said that Mr. Brzezinski had called Iran's Ambassador Ardeshir Zahedi, who is in Tehran, with a similar clarification.

Mr. Powell added, "Any suggestion that the U.S. is changing its policy toward the shah is erroneous." He noted a statement issued at the State Department by Hodd-

"The people are fed up with the hypocrisy of the ruling circles of this country," said the mullah. "The shah says that the opposition is influenced by the Communists. But he is the one who entertains Communists [and] sells gas to the Russians at ridiculously low prices."

As he spoke, he peeled a tangerine with the skill of a master chef, turning back strips of rind until he had created an elaborate flower. When he was finished, he offered

the fruit to a visitor. "We don't dislike Americans," he said. "It was President Carter who made the world conscious of human rights and gave us courage to demand ours."

Unlike most religious leaders in Iran, who generally receive their followers while seated on the floor of a starkly empty room, Mullah Hovatti sat on a blue vinyl-covered chair surrounded by several other chairs, a coffee table and a bookcase full of religious tomes.

His father, grandfather and great-grandfather were mullahs before him. At the age of 18 he left his native town of Babol, 55 miles west of Tehran, to receive his religious training in Najaf, Iraq, one of the main centers of learning for Shiite Moslems. He studied for 13 years until the people of Babol invited him to come to one of their 25 mosques.

Now he is one of the 180,000 mullahs in Iran, a group that forms the cutting edge of the opposition forces. But contrary to what the outside world may believe, the mullahs do not create public opinion. In fact, members of the Shiite clergy depend for their living on the gifts of followers, and therefore become experts at reading the mood of the people, and then at expressing it in their sermons at the mosques.

The Shiites — especially the conservative, traditionalist merchants — are supposed to give up to 20 percent of their income to a mullah to help support religious institutions and care for the poor.

Considerable Amount

A mullah as popular as Mullah Hovatti collects a considerable amount, though no records of donations are available. The contributions are in goods as well as in cash. Three huge bags of beans, for example, were propped against one wall of the room where he receives visitors. He gives these to the poor who might approach him.

In addition to his duties as a preacher, teacher and leader of prayer in one of the city's most important mosques, Mullah Hovatti is a director of a fledgling Islamic bank that he said offers loans without interest, in accordance with religious teachings. He also said he directs an orphanage and oversees various charities.

Of the money and goods donated by the faithful, the mullah is allowed to keep a third to support himself, his family and his own particular projects; he must distribute the rest to religious institutions and charities. He makes extra money through gratuities when he performs religious ceremonies, such as memorial services. He is also paid for lectures on religious subjects.

Although about 33 million of Iran's 36 million people are considered to be followers of the Shiite faith, there has been a small erosion of attendance at the thousands of mosques and holy places before the current turmoil began. Recently, however, there has been a dramatic resurgence in attendance.

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Vance, Sadat Hold Talks

(Continued from Page 1)

and on this mission Mr. Vance is seeking to bridge the gap.

Both sides have had political problems with aspects of the U.S. compromise plan. The Egyptians have been concerned about being seen in the Arab world, particularly in Saudi Arabia, as having forsaken the Arab cause by the signing of a peace treaty with Israel.

As a result, Mr. Sadat has insisted on several points, including one that there be a document stating explicitly that Israel will carry out obligations leading to Palestinian self-rule in the occupied West Bank and Gaza Strip areas. Mr. Sadat wants a firm timetable in which elections for Palestinian councils would be held by the end of next September. Israel rejects such a timetable.

Mr. Vance has proposed that Egypt and Israel accept through an exchange of letters that they make a good-faith effort to hold Palestinian council elections by the end of next year. This would be a target date, but not legally binding. So far, neither side has accepted the U.S. compromise.

Mr. Vance plans, as outlined to reporters on his plane, to have a thorough talk with Mr. Sadat on the issues he has raised and then to suggest ways of breaking the deadlock.

Cambodia Lets 2 U.S. Newsmen Across Border

BANGKOK, Dec. 10 (AP) — Cambodia has allowed a group of U.S. journalists into the country for the first time since the Communist victory in 1975.

Radio Phnom Penh announced today that Elizabeth Becker of The Washington Post, Richard Duman of the St. Louis Post-Dispatch and Malcolm Caldwell, a British professor, arrived in Phnom Penh yesterday for a friendly visit.

A group of Chinese newsmen from China's official news agency also arrived yesterday, the broadcast said.

Miss Becker and Mr. Duman are the first U.S. correspondents to visit postwar Cambodia, except for a leader of a small, pro-Peking Communist party in the United States who also writes for the party paper.

Tremor Jolts Kuril Isles

MOSCOW, Dec. 10 (AP) — A mild earthquake shook the Soviet-occupied Kuril islands just north of Japan yesterday, Tass reported.

Hussein Trip to Paris Confirmed by Jordan

AMMAN, Jordan, Dec. 10 (AP) — The royal palace confirmed today that King Hussein will leave tomorrow for an official visit to France. It did not mention a possible meeting between King Hussein and Iranian opposition leader Ayatollah Ruhollah Khomeini in Paris.

A palace spokesman said that King Hussein would confer with French President Valéry Giscard d'Estaing on the Middle East. Official sources here have said that King Hussein, who visited Tehran last month, was trying to mediate between the shah and Ayatollah Khomeini who is living in exile near Paris.

Begin, Sadat Vow to Seek Peace in Nobel Pledge

(Continued from Page 1)

The differences blocking the peace treaty that was expected to grow out of the Camp David accord, Mr. Sadat emphasized the rights of the Palestinians and his view of the necessity for a comprehensive Anglo-Israeli peace settlement for the Middle East — both areas where discussions are continuing between the two sides. Mr. Begin again stated that he was satisfied with the peace treaty draft document that the Egyptians want revised to clearly link it to Palestinian self-rule.

Referring to the Palestinians, Mr. Sadat said, "Any peace not built on justice and on the rights of the peoples, would be a structure of sand which would crumble under the first blow."

The goal of the peace process, Mr. Sadat said, "is to bring security to the peoples of the area, and the Palestinians in particular, restoring to them all their right to a life of liberty and dignity."

Mr. Begin, as he has in the past, stated that the draft document "can serve, if and when signed and ratified, as a good treaty of peace between countries that decided to put an end to hostility and war and begin a new era of understanding and cooperation. Such a treaty can serve as the first indispensable step along the road towards a compre-

hensive peace in our region.

Both laureates praised President Carter for his peacemaking efforts. Mr. Begin's speech frequently mentioned the Egyptian president and again offered him congratulations for winning the prize, but Mr. Sadat made no reference to his laureate by name.

Mr. Begin, who described himself as "a son of the Jewish people, as one of the generation of the Holocaust and Redemption," twice stressed that Jerusalem was the "eternal capital of Israel" — another issue on which there are strong unresolved Arab-Israeli differences.

Taking note that the ceremony fell on the 30th anniversary of the adoption of the Universal Declaration of Human Rights, Mr. Begin drew attention to the status of Soviet Jews. "I must remind my honored listeners of my brethren and the prisoners who are deprived," he said, "of one of their most basic rights: to go home. I speak about people of great courage who deserve not only the respect but also the moral support of the free world."

After each speech, Mr. Begin and Mr. Sadat shook hands, as they did when they received their awards from Mrs. Aase Lionaes, chairman of the Norwegian Nobel Committee.

For Vet, the Mental Wounds Lingered

(Continued from Page 1)

and he began to have seizures, which terrified his young son. He stopped working. It was not difficult to get along, because he receives tax-free disability payments of \$823 a month from the Veterans Administration.

Finally, a druggist tripped him up and a squad of narcotics agents arrived and took him to jail. He was tried, convicted and received a suspended one- to five-year sentence, with four years probation.

Divorce proceedings followed. Then he wrecked his new car. But he went right on having phony prescriptions ordered filled. "I just screwed up my whole marriage," he said.

Divorced, he moved to Virginia, where, after a brief unsuccessful stay at a religious retreat, he lived with his retired father in Lynchburg. All the while he popped pills.

Again he was arrested. Again he was convicted. Again a sympathetic judge let him off with probation. He went right back to the drugstore for more pills.

Then, in March of last year, he attempted suicide by swallowing 80 Valium pills and six cans of beer. He woke up three days later, groggy.

As with so many addicts, the decision to change came only when despair was total. "My parents would not have anything to do with me anymore," he said. "They more or less disowned me. I had hurt so many people I didn't have any friends at all. My brother and sister told me never to come around again. I had just hurt and used all my friends. That's when I made up my mind to get off drugs. I was just tired. I was run down."

Strict Program

So last year he committed himself to a strict-regimen drug program at the Maguire VA Medical Center in Richmond. There he met Marlou, now his wife.

"He just seemed like a nice decent guy to me," she said, reaching over and touching his wounded left elbow. "I knew from the beginning about his drugs, but that didn't bother me because I knew he was serious. I helped him."

"I have not felt better in my life than right now," Doug said, gazing at Marlou. "I feel good about everything. I'm getting a new start; she's getting a new start."

Doug's apparent recovery is confirmed by his Virginia probation officer, Lynnwood Jones, who said he was "thoroughly convinced" that Doug was free of drugs.

Indeed, he seems to have taken the blame himself for most of his troubles. He insisted that it was all his own weakness.

If Doug truly harbors no deep-seated bitterness, he is unusual, according to Dr. John Wilson of Cleveland State University and Dr. Charles Figley of Purdue, psychologists who have studied hundreds of Vietnam-era veterans.

They say that many, particularly those who saw frequent combat, continue to have severe, often delayed, psychological difficulties accompanied by intense guilt, resentment and anger.

Ability to Change

That Doug Schwinn apparently does not harbor such feelings may help to explain his ability to change. For seven years, he concedes, "nobody could tell me nothing." But he has since matured, developed a love for life and his work (when he has it) and evolved a healthy acceptance of what he is and is not.

What he is now, by all appearances, is a suburban family man.

Five Police Stations Bombed in Corsica

BASTIA, Corsica, Dec. 10 (AP) — Bombs believed set by Corsican nationalists damaged five gendarmerie stations early yesterday, 48 hours before French Prime Minister Raymond Barre was to begin a two-day visit to the island. A sixth bomb was found before it exploded.

No organization directly claimed responsibility for the gendarmerie bombings, but they bore the hallmark of the underground Corsican National Liberation Front.

Cuba Agrees to Release 3,000 Political Prisoners

(Continued from Page 1)

"The United States that led them into counterrevolutionary activity here."

The United States, he said, has a moral obligation to accept any current or former counterrevolutionary prisoners Cuba is willing to release. "We don't understand why the United States is making it so difficult."

Mr. Castro described U.S.-Cuban relations in general as pretty bad. While he commended President Carter for being what he said was the first U.S. chief executive not to authorize attacks against his government, Mr. Castro repeated old and recent charges against the United States.

He criticized the 16-year-old U.S. trade embargo against Cuba as indecent. He noted that, following his denial last May of Cuban involvement in the Katangan invasion of Zaire, the United States "practically called me a liar."

Mr. Castro also referred to last month's flap over the presence of Soviet MIG-23 jets in Cuba as a fraud because he said the United States had known of the planes for nearly a year.

The United States publicly charged Cuba with maintaining strategic aircraft, following what Mr. Castro said was the Nov. 12 overflight of a U.S. spy plane. Cuba, he said, could have shot down the plane, but did not want to put Mr. Carter in an embarrassing situation.

"Powerful Arguments"

While Mr. Castro said it would be infantile for him to invite Mr. Carter to Cuba to discuss bilateral relations, he said he would, in theory, "dare to talk with Mr. Carter anywhere, because I have some powerful arguments" to present to him.

But, Mr. Castro asked rhetorically, "Can Carter afford to defy the pressure of all the reactionary elements in the United States" to talk to Cuba?

The prisoner-release agreement appears not only to have embarrassed the Carter administration, but has gone a long way toward silencing one of the more militant anti-Castro groups in the United States — the *exiles*.

Mr. Castro announced his intention to release all but about 500 of Cuba's 3,500 political prisoners, some of whom have been in jail for more than 20 years, to the United States in August. He called the step a gesture toward improved relations with the exile community.

During the first week in September, a group of exile journalists came here to meet him.

Initial lists of more than 700 names handed over to the United States by the Cubans in September

he can handle the work. But last summer he managed to go water skiing.

Ten years ago, as I left Doug in the Army hospital, his surgeon told me he probably would lead a "fairly normal life," but that he would never be able to play tennis.

Recently, Douglas Schwinn began to play tennis.

VAT Rouses U.S. Interest

(Continued from Page 1)

getting Congress mired in the sticky issue of general income-tax revenues.

Because it is hidden from consumers, the VAT is less-visible than the present Social Security payroll tax, which workers now feel with every paycheck — and it is less likely to cause a stir if the tax rate has to be increased.

The VAT is an easy money raiser. Tax experts figure that each percentage-point of value-added taxes would bring in \$12 billion in revenues. A VAT of, say, 4.25 percent would replace one-third of today's payroll tax.

Warning to Carter

Kennedy Says Budget Cuts Could Divide Democrats

By Edward Walsh and Bill Peterson

MEMPHIS, Dec. 10 (WP) — President Carter was warned last night by Sen. Edward Kennedy, D-Mass., that the domestic budget cuts he is considering for next year could divide the Democratic Party as badly as did the Vietnam war.

Delegates to the party's mid-term conference cheered Sen. Kennedy's ringing call for a renewed commitment to traditional Democratic welfare programs and the passage of national health insurance.

But they clearly failed to dissuade Mr. Carter from his decision to give top priority to military spending in a year of budget austerity.

At two workshops yesterday, the president was repeatedly pressed to explain how his administration would justify spending additional billions for weapons while imposing cuts on domestic programs.

At both, the president's answer was the same: "I do not have any apology to make at all for maintaining a strong defense. As long as I am in the White House, I will keep a strong defense."

'Guns vs. Butter'

Five hours after Mr. Carter flew back to Washington, Sen. Kennedy added his powerful voice to the growing "guns versus butter" debate in a widely cheered speech that immediately revived talk of a possible 1980 confrontation between the two men.

"The party that tore itself apart over Vietnam in the 1960s cannot afford to tear itself apart today over budget cuts in basic social programs," he declared.

"There could be few more divisive issues for America and for our party than a Democratic policy of drastic slashes in the federal budget at the expense of the elderly, the poor, the black, the sick, the cities and the unemployed."

"We cannot accept a policy that cuts spending to the bone in areas like jobs and health, but allows billions of dollars in wasteful spending for tax subsidies to continue and adds even greater fat and waste through inflationary spending for defense."

Carter Annoyed

Mr. Carter was back at the White House before Sen. Kennedy unleashed his warning, but earlier in the day, when Sen. Kennedy's friend, Sen. John Culver, D-Iowa, asserted that defense spending is "relatively speaking the most inflationary dollar you can spend," Mr. Carter's response was tinged with annoyance.

Carter Gives Go-Ahead To 1980 Primary Drive

By David S. Broder

MEMPHIS, Dec. 10 (WP) — President Carter gave the green light yesterday to an immediate start on his 1980 New Hampshire presidential primary campaign, aimed at heading off any serious challenge in the nation's first primary.

The decision was reported by Chris Spiro, minority leader of the New Hampshire House of Representatives, who met privately with the president just before Mr. Carter left the site of the Democratic mid-term conference here.

Rep. Spiro said that Mr. Carter agreed it would be wise to "put together an effort now to make sure he has support in New Hampshire for his re-election — should he seek it."

He said the move had the backing of Gov.-elect Hugh Gallen, a longtime Carter friend who takes over in January as the first Democratic governor of New Hampshire in six years.

Rep. Spiro, who led the 1976 campaign for Sen. Birch Bayh, D-Ind., when Mr. Carter won New Hampshire, said he told Mr. Carter it would be wise to "have a preventive effort" aimed at warding off any challengers, "rather than a remedial effort" after a challenge appears.

"I told him there is a natural tendency for some Democrats to

challenge those in authority, even when they have demonstrated great competence," Rep. Spiro said.

The meeting was set up by Mr. Carter's political assistant, Tim Kraft, after Mr. Carter called Rep. Spiro two days ago to congratulate him on his re-election as the state house leader.

Mr. Gallen said that he had planned to be present at the meeting. He added that he was uncertain about the details of Mr. Spiro's plan. "It's pretty hard to prevent someone else from running in New Hampshire," he said.

Jean Wallin, along with Mr. Gallen a leader of the 1976 Carter drive, said she had learned of the Carter-Spiro meeting only after it had occurred.

Last summer, Rep. Spiro was one of several New Hampshire Democratic leaders who had forecast problems for Mr. Carter if Sen. Edward Kennedy, D-Mass., decided to challenge him in New Hampshire in 1980.

Mr. Gallen's victory over three-term Republican Gov. Meldrim Thomson put a staunch Carter ally into the leadership of the party.

With Sen. Thomas McIntyre, D-N.H., defeated for re-election last month and Sen. John Durkin, D-N.H., facing a potentially tough fight for another term in 1980, Mr. Gallen is likely to be a key figure in the leadoff presidential primary.

Grounded Aviator Accuses Navy Of Phony Flights, False Records

SAN DIEGO, Dec. 10 — A number of Navy pilots flew unnecessary flights — including a trip to Washington, D.C., to buy a house — to justify their budget, a grounded aviator has charged.

Records were doctored to make the flights appear legitimate, the pilot said, but the real reason for them was to use up the squadron's allotted fuel and flight time — so that allotments would remain high in the coming year and superior officers would be content.

Lt. Gerald Baldwin, 28, a pilot for eight years, made the charges Friday after months of haggling with naval boards and commanding officers about a flight over Squaw Valley, Calif., a ski resort, that cost him his wings.

Lt. Baldwin has filed suit in U.S. District Court in San Diego demanding that his record be swept clean and that the government pay him \$10,000 in damages.

Assigned to an anti-submarine unit until he was grounded March 27 after a flight over Squaw Valley that violated regulations, Lt. Baldwin said that he is convinced he was singled out by his superior to disprove the full extent of the "unnecessary" trips.

The fraudulent flights were made not only by his squadron, but also by nearly all units assigned to duty at the naval air station at North Island near San Diego, Lt. Baldwin said.

Lt. Baldwin said his troubles began when superior officers realized they had not used up half of the squadron's allotted fuel and flight time. These officers were "anxious to avoid any sideways glances from above so they tried to keep the allocations on track," Lt. Baldwin said. To do so, they ordered the prolonged flights, he added.

On one trip, Lt. Baldwin and co-pilot Lt. Lynn Waltz flew low over Squaw Valley, executed a roll. A naval officer based in Fallon, Nev., apparently spotted the jet and reported it.



A MEMORIAL VISIT — President Carter gazes from the balcony of the motel in Memphis where Martin Luther King Jr. was assassinated in April, 1968. Accompanying the president are Mr. King's widow, Coretta, and Andrew Young, the U.S. envoy to the United Nations.

Warning Bared in Tape Recording

Synanon Leader: 'Don't Mess With Us'

By Bill Farr

and William Overend

VISALIA, Calif., Dec. 10

— Charles Dederich, the founder of Synanon facing conspiracy charges in an alleged murder attempt, warned in a tape recording last

year, "Our new religious posture is this: Don't mess with us. You can get killed dead. Physically dead."

The tape, played in court here Friday, went on: "We're going to crack some bones — not too many, because you don't have to. We're going to react to all aggression toward us."

Aiming most of his recorded attack at lawyers who have challenged Synanon in court, Mr. Dederich continued:

"I'm quite willing to break some lawyer's legs, and then tell him next time, 'I'm going to break your wife's legs, and then we are going to cut your kid's ear off. Try me. This is only a sample, you son of a bitch.'"

"And that's the end of your lawyer. And that's the end of him and all of his friends; you see, it's a very satisfactory and humane way of transmitting information."

13 Tapes Seized

The tape was one of 13 seized Nov. 21, when a team of Los Angeles Police Department investigators and prosecutors served a search warrant on Synanon's mountain retreat at Badger, 25 miles northeast of here in central California.

Synanon was founded as an organization offering an alternative lifestyle, primarily for those seeking to overcome alcoholism and drug addiction.

Synanon attorneys failed Friday in their attempt to have the key tape suppressed. Superior Court Judge Jay Ballantyne, after hearing it in his chambers, immediately ruled that the tape was public record.

After ruling that the police search of the Synanon facility was legal and that the "new religious posture" tape was relevant to the investigation, Judge Ballantyne adjourned the court session and permitted lawyers to view the tape.

Mr. Gallen said that he had planned to be present at the meeting. He added that he was uncertain about the details of Mr. Spiro's plan. "It's pretty hard to prevent someone else from running in New Hampshire," he said.

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The voice on the tape said that Mr. Morantz had pursued a case that he believed had no merit only because the client had enough money to pay his fees.

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Mr. Dederich said he believed the new posture would take attorneys

News Analysis

Rhodesia Raids Achieve Little in Zambia

By David B. Ottaway

LUSAKA, Zambia, Dec. 10 (WP) — There is little evidence that the Rhodesian bombing raids deep into Zambia in the last month have seriously hurt the guerrillas or are likely to prevent them from stepping up their efforts to topple the white-ruled Rhodesian government.

At the most, the Rhodesian strategy of taking the war into Zambia may slightly delay the guerrillas' yearly rainy-season offensive, which customarily begins in December.

The Rhodesian bombings appear to be hardening the attitude of both guerrillas and Zambians. Spokesmen for the Zimbabwe African People's Union (ZAPU) based here insist that the raids have only spurred their determination to hit back harder inside Rhodesia.

The Rhodesian raids are reported here to have resulted in the death of about 1,000 nationalists, of whom probably less than half were battle-ready guerrillas; 700 to 800 guerrillas were wounded.

Despite the bombing of half a dozen guerrilla camps and supply centers, the Rhodesians do not seem to have succeeded in destroying significant amounts of arms or ammunition. However, they did cripple the guerrillas' communication system and gave them new problems to worry about, such as the defense of their camps.

New Pressures

Probably the most serious consequence of the raids, whether intended or not, has been to further destabilize the government of Zambian President Kenneth Kaunda, which was already in deep economic and financial trouble.

The raids showed how vulnerable and defenseless Zambia is, and created new pressures on Mr. Kaunda, the African leader who has shown

the most restraint and willingness to talk directly to Rhodesian Prime Minister Ian Smith.

At the time of the attacks, the guerrillas went out of control, challenging the Zambian government's authority. This prompted speculation that Zambia was becoming another Jordan, where Palestinian guerrillas in 1970 became a virtual state within the state, fighting pitched battles against the Jordanian Army.

Zambia is still far from this. But guerrillas did take the law into their own hands around their camps, arresting and interrogating white farmers and shooting at low-flying planes. At one point, Zambian authorities closed Lusaka's international airport for fear the guerrillas were going to hit passenger planes.

Western observers here believe that the Rhodesians had several objectives in taking their attacks to guerrilla camps on the outskirts of Lusaka.

• Upset the rainy-season offensive by ZAPU guerrillas, who were expected to infiltrate large numbers of troops into Rhodesia.

• Put pressure on ZAPU leader Joshua Nkomo and Mr. Kaunda to negotiate with the transitional, biracial Rhodesian government for some kind of settlement on terms of less than total Rhodesian surrender, or at least bolster the ever-weakening Rhodesian negotiating position.

• Drive a wedge between ZAPU and the Zambian government, and convince Mr. Kaunda to crack down on nationalist activities here.

It does not appear that the Rhodesians have achieved any of these objectives. Even had they killed one thousand trained guerrillas, they would have destroyed only a tenth of those in Zambia and a smaller portion of the total force.

If the Rhodesian raids into Mozambique in the last two years are any example, it is unlikely these will appreciably slow down the guerrilla war. Despite the deaths of more than 2,000 guerrillas and refugees in Mozambique, where they are based, the Zimbabwe African National Union (ZANU), the other Rhodesian na-

tionalist force, has grown steadily and taken more Rhodesian territory under its control.

Nor is there any sign that the Rhodesian attacks have "softened" Mr. Kaunda's attitude toward negotiations, or convinced him to pressure Mr. Nkomo into reaching a compromise with the government of Rhodesia. Recently, Mr. Kaunda said he saw no hope for new negotiations now, and no choice for the guerrillas but to intensify their armed struggle "until the final blow has been delivered to Smith."

As for driving a wedge between the guerrillas and the Zambian government, the Rhodesian raids may have done just the opposite. By killing Zambian soldiers and civilians, the invading Rhodesians have angered Zambians and brought home to them as never before that the Smith-led transitional government is a direct danger to Zambia as well as to the guerrillas.

The result has been to increase public demand that Zambia buy more arms and defend itself better. Some Zambians are suggesting that Zambia should strike at targets in Rhodesia.

Rift Potential

Still, there is the potential for a rift between the government and the guerrillas. The guerrillas are increasingly feeling their strength and swinging their weight around in Zambia. Unarmed Zambians were noticeably helpless and hesitant in dealing with guerrillas who occupied farms around the camps after the Rhodesian attacks.

Presidential Election

LUSAKA, Zambia, Dec. 10 (AP) — His popularity eroded by an economic crisis and the spillover from the guerrilla war in Rhodesia, President Kaunda seeks re-election by his country's 2 million voters Tuesday for another five-year term in office.

The 54-year-old president has led Zambia since independence in 1964, maintaining relative harmony among 73 tribes. Voters will also be choosing members of the 125-seat National Assembly tomorrow.

S. Africans See Turnout As a Defeat for SWAPO

By John F. Burns

TSANDI, South-West Africa, Dec. 10 (NYT) — At this remote tribal settlement in the semidesert of Ovamboland, where two-thirds of the people are illiterate and all but a handful live in thatched huts, goat herders have opinions about the United Nations.

"The people at that place must leave us alone," said Joseph Shivute, 47, who lives with his wife and seven children in one of a small cluster of huts 15 miles from here.

Mr. Shivute, barefoot, spoke as he voted in the election that South Africa staged last week and the United Nations has dismissed as illegal. The world body is pressing, with Western support, for internationally supervised elections next year to lead the territory to independence as the black nation of Namibia.

Many of Mr. Shivute's companions commented to reporters in similar words, suggesting that they could have been tutored for the occasion. But the vehemence of the tribesmen suggested that the feeling toward the United Nations was their own, even if the way they expressed it was not.

Two Groups

Goat herder Shivute and his companions met reporters flown in by South African Army helicopter from a military camp at Ondangwa, 85 miles east of here, on a tour of Ovamboland. With more than half of South-West Africa's 750,000 blacks, it has become the center of the struggle over the territory's future.

The contest has boiled down to one between two groups: an alliance between whites and black tribal leaders that is backed by South Africa, and the South-West Africa People's Organization (SWAPO), which has formal UN endorsement.

In the past, private surveys have indicated that SWAPO had the support of as much as 40 percent of the black population in the territory. Church groups active in Ovamboland, where the nationalists claim their strongest support, put the figure at 70 percent. The surveys indicated 35 percent support for the South African-backed Alliance (DTA).

The trend in the elections appeared to run against the unofficial soundings. Although SWAPO boycotted the balloting, South African officials said that 81 percent of the territory's 439,441 registered voters cast ballots in the five days of polling which ended on Friday. The turnout in Ovamboland was said to be only slightly less.

Officials Pleased

The elections were for a 50-member constituent assembly. The results are expected to be announced by Dec. 18. Observation at polls along a 100-mile arc close to the Angolan border suggested that

most Ovambo votes went to the DTA.

South African officials were quick to call the voter turnout a propaganda defeat for SWAPO.

Few tribesmen would discuss SWAPO, which has conducted a low-level guerrilla war in the territory for the last decade. Despite inhospitable terrain — vast reaches of sandy flatlands dotted with shrubs, palm trees and dried-up river beds — the guerrillas say they have taken root in thousands of tiny settlements.

South African officers deny this, saying that no more than 300 of an estimated guerrilla force of 5,000 are in the territory at any time, and that most spend only a day or two before returning to sanctuaries in Angola.

South Africans do not try to hide their backing for the DTA. Tribal government trucks, said to have been offered to all parties, ferried supporters of the alliance to the polls.

Radio Warnings

In broadcasts heard on transistor radios that are the household pride of many tribal families, SWAPO leaders pressed their boycott demands. Peter Kalangula, education minister in the tribal government, said that the guerrillas had changed to civilian clothes in recent weeks and had been circulating among the people saying, "We will be there at the polling stations watching you, and we will deal with you."

Abed Tomas, 63, a bodyguard for a tribal chief at Ondangwa, east of Ondangwa, said he hoped that SWAPO would accept the voters' message and stop the war. Tribesmen have been the principal victims of the killing, with 55 Ovambos killed by guerrillas in the year and several hundred children taken away to guerrilla training in Angola. "I think they must see how we feel and stop fighting," Mr. Tomas said, leaning on his shotgun outside the local polling station.

Clash Near Border

WINDHOEK, South-West Africa, Dec. 10 (AP) — South African officials said that the elections passed relatively quietly. After two bombs had gone off in Windhoek last weekend, another blew up in a fuel storage depot on Tuesday. No one was hurt.

South African forces reported killing five of about 20 guerrillas in a clash near the Angolan border on Wednesday.

Five leaders of the internal wing of SWAPO were arrested last weekend. Another SWAPO leader, said on Friday that if free elections were not held next year, the organization would call on Cuba and East Germany for help.



TALL ORDURE — In an effort to clean up pavements, the city fathers of Dusseldorf ordered 18 of these giant dog toilets for a four-week test, hoping owners can somehow induce their pets to use them. Should the toilets work out, they will be purchased for \$1,750 each.

News Analysis

U.S. Trade Shaky in Soviet 5-Year Plan

By Kevin Klose

MOSCOW, Dec. 10 (WP) — A relaxed, jovial Leonid Brezhnev told U.S. officials and businessmen at a Kremlin dinner last week that the Soviet Union is now preparing its next five-year plan of national economic development for 1981 through 1985 and can see a big place in it for the Americans.

It was the kind of statement that any businessman looking for new markets and new profits would love to hear. But was it anything more than polite talk from an expansive host?

The Russians have submitted to the Americans a list of 28 industrial projects, ranging in size from a \$7.5 million factory in the Moscow suburbs to produce Levi Strauss blue jeans, to a mammoth steel-rolling complex costing up to \$400 million, with Armco Steel Corp. as the prime contractor.

The unofficial U.S.-U.S.S.R. Trade and Economic Council, a bilateral group seeking to improve U.S.-Soviet commerce, estimated that if all the projects were approved, it could mean, at minimum, an additional \$10 billion of increased trade for the United States and would create thousands of new U.S. jobs.

But well-informed sources in the

U.S. delegation described the list as "something of a test of American intentions." Vladimir Sukhov, deputy foreign trade minister, said at a news conference that the list was a "preliminary one, to demonstrate the desire of the administration to meet us half way."

The U.S. delegation, headed by Treasury Secretary Michael Blumenthal, talked for two days with the Russians. Three projects on the list have been approved by the United States, including a factory for tires for earth-moving equipment. The plant is valued at \$80 million, of which U.S. companies will share a sizable portion.

The other projects provide a kind of rough indication of what the Russians feel U.S. industry can offer them and what they need to continue modernizing an economy whose growth rates have fallen consistently through the 1970s.

Some are within relatively easy range of possible agreement, such as assistance with Soviet tobacco production. Others are probably years away, due to Soviet shortages of hard currency, and shifting national priorities, or to U.S. concerns over transferring technology that could eventually aid Soviet defense industries or otherwise harm U.S. national interests.

Among the proposals suffering

from Soviet economic priorities are understood to be a plan to modernize the Moskvich auto plant with the help of General Motors to produce up to 250,000 new-model passenger cars a year, replacing the outmoded present Moskvich. The Soviet auto industry now makes about one million autos a year, principally from a gigantic Fiat plant.

Among the projects sure to have political implications in Washington are several for speeding Soviet production of oil and gas. Although the Carter administration takes the position that it supports increased oil exploitation, some members of Congress oppose U.S. aid to expand Soviet oil and gas production.

The Russians have established ambitious goals for increased workplace efficiency and productivity in 1979. But few analysts here see how these goals can be achieved, and if they fall short, it will be impossible to fulfill the economic expansion outlined in the current 1976-80 five-year plan. Soviet heavy-industry production is targeted to rise 5.8 percent, compared with 4.7 percent this year, and light-industry consumer-goods production is to rise 4.6 percent, compared with 3.7 percent this year.

Increased labor productivity must achieve a 4.7-percent rise to reach these economic-expansion goals, but this crucial category of economic efficiency fell below even the 3.6-percent goal set for this year.

Virtually Impossible

Each year during this five-year plan, the Russians have fallen slightly behind in their major goals. It is now virtually impossible for them to make up all the ground lost and come out even with the 1980 target.

The Soviet attitude toward trade with the United States is an interesting one. Although they want the restrictive Jackson-Vanik amendment repealed, they also assert that U.S.-Soviet trade is so insignificant it does not amount to enough to worry about.

In a recent interview, for example, Dzhemal Gvishiani, the son-in-law of Premier Alexei Kosygin, told reporters at his State Committee of Science and Technology that U.S.-Soviet trade was "less than two-hundredths of 1 percent" of our gross national product, so it is of little concern, really.

U.S. sources in the Blumenthal delegation said that after the two days of talks, they had concluded that the Russians want Jackson-Vanik repealed as much for symbolic as for practical reasons.

'No Connection'

Mr. Sukhov was asked last week what concrete steps on emigration the Russians were prepared to take to help improve the future possibility of repealing the measure. He said there was "no connection" between emigration and trade, and that the amendment had been a "failure." Later, he said that the Jackson-Vanik amendment, because it makes trade conditions "uncertain," should be repealed.

For the Americans, whose trade will top \$2 billion with the Soviet Union this year in both agricultural and non-agricultural goods, U.S.-Soviet commerce has never fulfilled the promise of the early years of détente. That is clear. What is still unclear is how far the Russians are willing to go — or can go — in improving their own performance on trade to insure that there indeed will be a U.S. role in the next five-year plan.

Crash in Italy Kills 4

MATERA, Italy, Dec. 10 (AP) — Four persons were killed and 13 injured yesterday, when a truck collided with a bus near here.

Regional Ambitions Are Feared

Vietnam Loss of Prestige Seen in Cambodia War

By Henry Kamm

BANGKOK, Dec. 10 (NYT) — Vietnam's prestige in Southeast Asia has been the principal casualty of its border war with Cambodia, according to officials of the region's non-Communist nations and to Western diplomats.

Until the war was acknowledged on the last day of last year, Vietnam was feared and respected, these sources say, but now it is only feared. The fear is inspired by suspicion that Vietnam, Southeast Asia's major military power, harbors ambitions of regional dominance. The war with Cambodia has reinforced them.

The respect came from Vietnam's victories over France and the United States, its reputation for ruthless efficiency in waging the northern part of the country into a totally dedicated war machine, its fierce will for independence and national dignity and its diplomatic skill in drawing boundless material support from both the Soviet Union and China while staying out of either's camp. It also won the moral approval of much of the world in its war with the United States.

Perceptions Changed

Those perceptions have profoundly changed in the last year. Moreover, Vietnam's increasingly close ties with the Soviet Union, ratified last month in a friendship and cooperation treaty with a military clause, have added an extraneous but vital factor. When Deputy Premier Teng Hsiao-ping of China visited Thailand, Malaysia and Singapore last month, his argument that Vietnam represented a Soviet Trojan horse in Southeast Asia was well received.

In the Southeast Asian view, China is an unavoidable long-term threat. The Soviet Union, however, is regarded as a menacing power that had little success in establishing a foothold in this region until Vietnam fell into its embrace.

The decline in Vietnamese prestige began when it became evident that the badly regarded Cambodian Army — outnumbered and outgunned — was able to withstand a major Vietnamese onslaught last winter and has since not only kept Vietnam at bay but also seriously disrupted the Vietnamese reconstruction program by forcing Hanoi to divert manpower and resources to the border war.

China's violent reaction against Vietnam, culminating in June in a halting of all economic assistance and in the departure of tens of thousands of ethnic Chinese from Vietnam, was viewed here as indicating that Vietnam had lost the diplomatic edge that had enabled it to deal with both Peking and Moscow through three decades of war.

While the growing conflict between two potential enemies caused leaders of other Southeast Asian

nations to breathe easier, it also produced long-range concern over the introduction into the region of Communist superpower rivalry, with both the Soviet Union and China seeking support for their causes. Until that point, the Asian nations had skillfully avoided such traps, playing host to visits by Premier Phan Van Dong of Vietnam and Mr. Teng.

Vietnam's increasing diplomatic isolation caused it not only to court the region's non-Communist nations but also to pursue the friendship of its former enemy, the United States.

Vietnam has also conceded difficulties in integrating the conquered South into a political, economic and social system as disciplined as that of the North, and this has not enhanced its standing. Continuing reports of the spread of southern corruption among northerners, late wide currency in the non-Communist countries and are interpreted as proving a decline of the government's hold over its enlarged territory.

Although the non-Communist countries are at pains to avoid taking sides in the conflict between the Communist powers, China has been the principal beneficiary of the decline of Vietnamese standing. Most informed Asians believe Hanoi realizes this, and they hope that the realization will serve as a deterrent to any plans by Vietnam to force Cambodia under its domination.

While no Asian country approves of the harsh regime of Premier Pol Pot in Phnom Penh, the Vietnamese perspective of Cambodia to one under Vietnamese rule, the consensus of Asian officials is that a strong Chinese stance, if Vietnam invaded Cambodia in force, would find general approval throughout the region.

Vietnam-China Sea Clash

BANGKOK, Dec. 10 (AP) — Vietnam and China today reported a clash at sea yesterday off northern Vietnam, but they gave widely differing accounts of the circumstances.

A Voice of Vietnam broadcast said that five Chinese vessels surrounded a number of Vietnamese fishing boats and fired on them, damaging the boats. It said the Vietnamese patrol boats fired in retaliation and drove the Chinese back to their waters.

The Chinese news agency reported that Vietnamese vessels attacked two Chinese fishing boats in the Gulf of Tonkin, killing a fisherman and wounding two. The agency said the boats were fishing off Palsuayen island, when they were encircled by five Vietnamese ships and one of the ships fired on the Chinese boats with light machine guns and submarine guns.

Israelis Mourn Mrs. Meir; Funeral to Be Tomorrow

By Dial Torgerson

JERUSALEM, Dec. 10 — Israel today mourned the former prime minister it knew by her first name.

As world figures made plans to attend the funeral Tuesday of Golda Meir, prime minister from 1969 to 1974, Israeli leaders praised her as a shaper of the nation's destiny while ordinary citizens recalled the warm, human touch she always maintained with the public she had served.

[Israeli officials said that Mrs. Meir's death and the funeral would inevitably lead to a delay in the proposed resumption of the stalled Egyptian-Israeli peace treaty negotiations, since services were expected.]

Neighbors stood with tears in their eyes outside the modest apartment at 8 Baron Hirsch, in a Tel Aviv suburb, where Mrs. Meir had lived for the last 20 years of her life.

"This is the first time I've come to see Golda," said a friend who stopped by, "and there is no Golda."

Kibbutzniks Gather

At Kibbutz Revivim, in the Negev desert of southern Israel, where Mrs. Meir also had a small apartment, a group of kibbutzniks stood in a circle, their eyes cast down.

"Death is the fate of everyone," a middle-aged man said. "But deep in my heart there's sorrow for two things. One, This brave, strong woman didn't get to see the days of peace. And two, There were many things she wanted to do as a mother and a grandmother that she didn't get to do."

"She spoke to everyone the same way," said Simcha Dinitz, Israeli ambassador to the United States and formerly Mrs. Meir's political secretary. "When she spoke with workers or with prime ministers she was the same. She always said what she thought."

On Oct. 3, shortly after Mrs. Meir had an operation, she sent a letter to the Labor Party that she

had once led. Her son, Menachem, a cellist, read it to newsmen yesterday at his apartment, next to his mother's.

"Before my recent serious operation," Mrs. Meir had written, "I wrote to my family informing them I did not wish to have any eulogies said for me and nothing named in my memory."

"I do not know if the family received the letter, because the operation was successful. I am then for repeating this last request: I do not want any eulogies or to have anything named in my memory."

The letter was treated as her will, and, as it asked, there will be eulogies at the services at the National Cemetery on Mount Herz overlooking Jerusalem.

Jewish religious law requires that services be held before the sunset of the day of a person's death, unless there are unusual circumstances.

Mrs. Meir's funeral was postponed because of the number of international leaders and friends who fly to Israel.

Prime Minister Menachem Begin, who received the Nobel Peace Prize in Oslo today, will be back in Israel in time.

Lillian Carter, the mother of President Carter, will head the U.S. delegation. Secretary of State Cyrus Vance is also expected.

Doctors at Hadassah Hospital where she died Friday, said that Mrs. Meir suffered from lymphoma, a cancer of the lymph glands.

Mrs. Meir's doctors, Prof. Hermann Mann, director of the hospital, and Dr. Abraham Pollack, the disease had been diagnosed years ago, but had gone into a remission during the years when it was prime minister and could not have affected her performance then.

"During her final week in the hospital she fought with the same courage as she fought Israel's enemies," Dr. Pollack said.

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Obituaries

Harry Winston, Jeweler, Gave Hope Gem to U.S.

NEW YORK, Dec. 10 (NYT) — Harry Winston, 82, the Fifth Avenue jeweler who donated the Hope diamond to the Smithsonian Institution 20 years ago, died Friday of a heart attack at his home in Manhattan.

Mr. Winston, who was said to have owned the world's largest independent gem firm, which has been based in New York for 50 years. A man who never wore jewelry himself and was known in the trade as "the diamond maverick," he also owned stores in Monte Carlo, Monaco, and Caracas.

"I love the diamond business," he once said. "It's a Cinderella world. It has everything — people, money, a perfect diamond, precious stones, a system of speculation, excitement. What else could you want?"

The 44.5-carat Hope diamond is the world's largest deep-blue stone that was brought from India to Europe in the 17th century, sold to King Louis XIV of France, and came to be considered a bad luck for its possessors. It was acquired by Mr. Winston from the estate of Evelyn Walsh McLean in 1949. Because of his gift of this gemstone, as well as of other gems, he was awarded the Smithsonian Medal earlier this year.

When Mr. Winston delivered the Hope diamond to the Smithsonian Institution, he had it registered as a habit of the gemstone, which was followed throughout his career. "If you can't trust the United States mails, who can you trust?" he asked.

Alexander Wetmore
WASHINGTON, Dec. 10 (NYT) — Dr. Alexander Wetmore, 92, secretary of the Smithsonian Institution from 1945 to 1952 and a specialist on avian evolution, died Thursday at his home in suburban Maryland.

Dr. Wetmore enriched the museum's collections with 26,058 animal and bird skins from Central, North and South America and contributed descriptions of 189 new species and subspecies of birds. He also collected 201 clutches of eggs and 1,363 skeletal and anatomical specimens.

50 Held in Hamburg
in Anti-Shah Protest
HAMBURG, Dec. 10 (AP) — About 60 persons were arrested yesterday after police broke up an anti-Shah demonstration by an estimated 400 leftists urging the overthrow of Shah Mohammed Reza Pahlavi of Iran.

Police spokesmen said the demonstrators gathered amid Christmas shoppers on a busy downtown street. The spokesmen said some of the demonstrators threw large sacks of stones in the street, hindering police cars that were called to the area.

Admirers named newly found birds after Dr. Wetmore, including a long-billed rail that inhabits the Venezuelan coast, *Rallus Wetmorei*.

He was also a member of the National Geographic Society's board of trustees since 1933, vice chairman and acting chairman of the society's Committee for Research and Exploration from 1937 until 1974 when he became chairman emeritus. In 1975 he was awarded the society's Hubbard medal, an award for distinction in exploration, discovery and research.

In 1910, Dr. Wetmore took his first government position with the Biological Survey, which was then a bureau of the Department of Agriculture. He studied the food habits of North American birds.

An authority on avian osteology and paleontology, Dr. Wetmore wrote "A Classification for the Birds of the World," which has gone through several editions. He wrote scores of technical papers and published many larger works, including three volumes of "The Bird of the Republic of Panama," with a fourth volume in preparation to be published posthumously.

Robert Cantwell

NEW YORK, Dec. 10 (UPI) — Robert Cantwell, 70, a novelist and former magazine editor, died Friday, two weeks after a heart attack.

Mr. Cantwell, who was born in Vador, Wash., won acclaim for two Depression-era novels, "Laugh and Lie Down," which was published in 1931 when he was 23, and "Land of Plenty" in 1935.

He became literary editor of New Outlook in 1931 and in 1935 literary editor of Time. After World War II, he wrote a biography of Nathaniel Hawthorne and in 1949, joined Newsweek as literary editor. In 1961, he became senior editor of Sports Illustrated and after his retirement in 1973, was a special contributor for the magazine.

Price Day

BALTIMORE, Dec. 10 (AP) — Price Day, 71, a Pulitzer Prize winner for distinguished international reporting and former editor in chief of the Sunpapers, died here yesterday.

A native of Plainview, Texas, who retired in January, 1975, Mr. Day was a foreign correspondent for 15 years, and covered stories including the German surrender at Reims, France, which ended World War II in Europe.

Fausto Tozzi

ROME, Dec. 10 (AP) — Veteran movie actor Fausto Tozzi, 57, who starred in many Italian and Spanish films, died here yesterday.



REFUSE REFUSED — Garbage piles up near Rome's Trevi Fountain Saturday on the first day of the city's most recent strike by garbage collectors. The strike, scheduled to last three days, came two days after a similar stoppage.

British Journalists' Strike Cuts Flow of News by Half

By Roy Reed

LONDON, Dec. 10 (NYT) — British newspaper readers got sparse fare last week.

Following the indefinite suspension of The Times of London, nearly 1,200 provincial papers have been struck by the National Union of Journalists. Only a handful have closed, but many are printing little more than advertisements with the barest news coverage.

Times readers in London and throughout the nation have had trouble getting other papers since the Times closed Nov. 30 in a labor dispute. Some of the other better-known papers, such as the Guardian and the Daily Telegraph, are reluctant to risk the union's displeasure by printing extra copies.

No progress has been reported in the dispute at the Times, which involves new technology and manning levels and new procedures for settling shop-floor disputes.

The provincial journalists' strike has closed two daily papers, the Belfast Newsletter and the Morning Telegraph of Sheffield. A union spokesman said that several weeklies had been blocked by drivers who refused to deliver the papers.

The strike affects about 1,110 weekly and 70 daily papers in England, Wales and Northern Ireland.

Reporters for Britain's national news service, the Press Association, voted narrowly to keep working in defiance of their union. But mem-

U.S. Probes Radio Back Data on Venus Atmosphere

MOUNTAIN VIEW, Calif., Dec. 10 — Five instrument-bearing U.S. space probes dropped through the thick, searing atmosphere of Venus yesterday, but not before radioing back to Earth reams of information about the planet's strange envelope of gases.

To the amazement of NASA project officials at the Ames Research Center here, one of the 200-pound probes survived the impact of landing and continued to transmit measurements back to Earth for more than an hour.

None of the probes was designed for surface operations, since their principal objective was gathering information on Venus' atmosphere.

This they did almost to perfection during a nearly hour-long dive through an atmosphere that is thought to be 97 percent carbon dioxide, contains clouds made of sulfuric acid droplets, has temperatures as high as 900 degrees Fahrenheit and exerts a pressure on the surface about 90 times that on the surface of Earth.

'Hard to Believe'

"It's hard to believe that everything worked so perfectly," said an obviously pleased Charles Hall, the manager of the Pioneer Venus project.

Five days ago, the first Pioneer spacecraft, called the "Orbiter," went into orbit around the planet and trained its dozen scientific instruments on the upper part of the Venusian atmosphere, above an 11-mile thick cloud layer surrounding the planet.

Yesterday, it was time to take a vertical profile of the atmosphere beneath those clouds. This important phase of the planet's exploration was given to the second Pioneer spacecraft, called the Pioneer Venus Multi-Probe.

Multi-Probe consisted of five

parts: a single, 700-pound "Sondar" probe; three identical 200-pound probes (designated "Day," "Night" and "North," the names coming from the impact areas on the planet where they were to crash); and the spacecraft "Bus."

The Bus, which carried the four probes on its back like an automobile transporter carrying new cars, had two devices with which to make measurements on the composition of the upper atmosphere. Lacking any protection against the friction of atmospheric entry, the Bus simply burned up about two minutes after it struck the top of the Venusian atmosphere.

The Soudar, Day, Night and North probes were equipped with heat shields.

The Soudar probe, which landed near the planet's equator on its daylight side, contained seven instruments to record the composition of the atmosphere and cloud layers, as well as noting temperatures, pressures, densities, wind flows and heat variations.

The Day, Night and North

probes carried three instruments each, providing scientists with data on the structure of the atmosphere, the size of particles in the Venusian clouds and sources of radiant energy.

The probes were fired in a salvo from the Bus last month, while the

combined vehicle was still about six million miles from Venus. They began penetrating the planet's atmosphere yesterday morning.

During their descents, all of the probes returned "excellent, beautiful data," in the words of the NASA spokesman in the control center here.

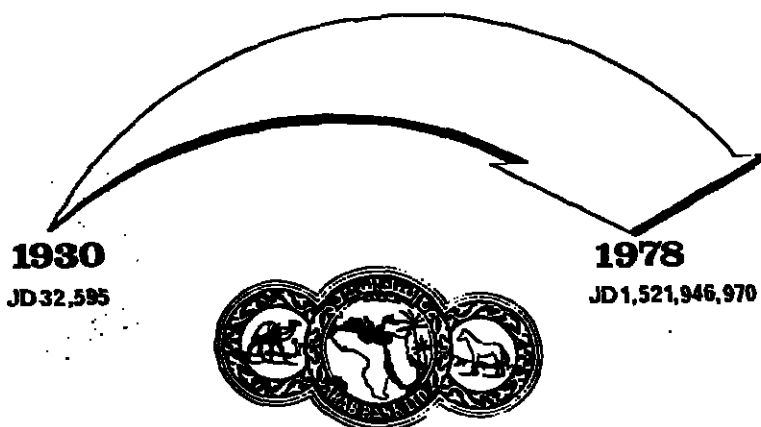
The Day probe, which landed in the mid-latitudes on the sun side of the planet, continued radioing back measurements on the atmosphere for 67 minutes and 47 seconds more. "We are getting the whipped cream on the cake," said project manager Hall.

The reception of signals from Venus back here on Earth was no easy task. At the Santiago tracking station, Chilean Army units halted traffic on the nearby Pan American highway for three hours yesterday morning so that static from car and truck ignition systems would not interfere with the faint signals from Venus, about 34 million miles away.

— GEORGE ALEXANDER

Los Angeles Times

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Middle East Deadlines

You can't fry fish in July with oil you get in September — Golda Meir.

Prime Minister Begin was in Oslo yesterday to accept half a Nobel Peace Prize. In this matter, at least, we prefer President Sadat's sense of the fitness of things: work first, reward later. The work still undone is the treaty of peace that they solemnly vowed at Camp David three months ago to sign by next Sunday. As President Carter has noted, a great deal depends on their holding to schedule.

More than ego trips, however, are causing the delay. Begin and Sadat threaten to miss this first deadline out of exaggerated respect for other deadlines. Sadat wants to avoid signing a peace that could mark him a traitor to the Arab cause; he asks a target date for negotiations on other fronts. Begin wants to avoid signing a peace that is contingent on agreement with other Arabs; he rejects a time limit for progress elsewhere. Since both seem ready to destroy the timetable they already have, we suspect that dates as such are not the problem. Intentions are.

Sadat seems worried that once a peace is signed, the Israelis will rapidly lose interest in their own proposal to hold elections in Gaza and the West Bank as a step toward Palestinian self-rule. His concern can only be growing as he hears so many Israelis accusing Begin of giving away too much in the West Bank and as he observes a stiffening of the Israeli occupation regime there. Begin seems worried that once Egypt regains control over Sinai it will lose interest in building up the peace with Israel, especially if agreement with the Palestinians and Jordan proves impossible. His concern can only be growing as he hears other Arabs rejecting the Camp David formula and vowing retribution against Egypt.

These are legitimate concerns, reflecting an asymmetry in the Camp David deal: a state of peace in return for captured land.

What Egypt gives can be revoked; what Israel yields can be regained only in war.

What made Camp David nonetheless possible was the recognition by both nations that a true peace between them could be only the start of a process, not the end. By the pending treaty, both seek to demonstrate that territorial issues can be resolved in return for a genuine acceptance of Israel by its neighbors and respect for its security problems. Even if Egypt remains alone in accepting this formula, the treaty will last as long as Israel is faithful to the equation — as long as Egypt can persuasively argue that other Arabs can avail themselves of the same deal. The treaty will fail, with or without a timetable for progress on other fronts, if Israel comes to be perceived as wanting only a separate peace with Egypt and as obstructing other negotiations.

The mistrust now focused on the questions of linkage and deadlines was not, however, born yesterday. It almost washed out Camp David and will not fade until real coexistence is achieved in the region. The Israelis are kidding themselves if they think the world will not hold them to a good-faith demonstration of the autonomy that has been promised to Arabs in the West Bank and Gaza. And the Egyptians are kidding themselves if they think that deadlines for negotiations with parties not yet represented at the table are a guarantee of anything. A timetable of Israeli intentions on the other fronts would be a useful reminder that this treaty cannot endure in isolation. But since Egypt could more easily wriggle out of the treaty once it has its lands back, it is Sadat who should be moving the extra inch or two in the current dispute.

Above all, next Sunday's deadline needs to be met. Too many other parts of this treaty depend on commitments to a timetable. They will have been dangerously weakened if Sadat does not earn his half of the Nobel prize before the week is out.

THE NEW YORK TIMES.

The U.S. and Indochina

How can the United States best assure that its interests are not compromised by the new Indochina war, which pits Vietnam, backed by the Soviet Union, against Cambodia, backed by China? Because Hanoi's ties to Moscow have been dramatically reinforced in recent months, the United States cannot be indifferent to a result that might not only alter the regional balance of power but also affect the Sino-Soviet rivalry. Yet Washington seems increasingly blind to a truth it should have learned through its own bitter experience in Southeast Asia: Hanoi is an independent actor, not a mere Soviet proxy.

Far from being simply a proxy war, the current conflict has its roots in Ho Chi Minh's dream of a federated Communist Indochina. Such a federation would inevitably be dominated by Vietnam. Hanoi already controls all of Vietnam and most of Laos; it stands to extend its reach still farther in its war with militarily inferior Cambodia. The Carter administration worries about so much Vietnamese control and fears it as an extension of Soviet power. So while it rejects any thought of a new military intervention, Washington is said to be seriously considering a diplomatic tilt toward the brutally dictatorial Cambodians. And last week, the administration warned both Hanoi and Moscow that the fighting in Cambodia, coupled with Vietnam's increasingly pro-Soviet course, could imperil prospects for normal

relations between Vietnam and the United States.

A tilt toward Cambodia would certainly please the Chinese, but American rhetoric cannot compensate for the military and political weaknesses of the Phnom Penh regime. It could, however, magnify the propaganda benefits for Hanoi and Moscow. Already they pose as the champions of human rights in Cambodia; should they prevail, they could claim triumph not only over Cambodia and China but also the United States.

And to Hanoi, the threat of delaying diplomatic normalization with the United States must appear empty; the Carter administration has been plainly unwilling to press a reluctant Congress to renew ties with Vietnam. Indeed, Hanoi's increased reliance on Moscow took shape only after its bid for foreign capital on hospitable terms failed to attract any development funds from the United States.

The best approach to Hanoi is through Hanoi, not through Phnom Penh or Moscow. The United States and Vietnam have important issues to settle, including the problems of Vietnamese refugees, Vietnam's relations with its neighbors and its demands for American reparations. No leverage is to be gained for these negotiations by identifying ourselves with a Cambodian regime that President Carter himself has called the worst violator of human rights in the world today.

THE NEW YORK TIMES.

International Opinion

Golda Meir's Belief

The strength of Golda Meir's leadership came from the same source as her weakness: Her view of the world and of Israel's place in it (was) in terms of the stark blacks and whites. The sophisticated and cynics who have come to lead the world and shape its attitudes in the 1970s often nodded at the simplicity and seeming naivete of her advocacy. But, as often, the sheer power of her belief succeeded in penetrating the shells of cynicism. The passing of great leaders should be a time, not for the eulogistic banalities, which Golda Meir detested and expressly forbade in her will, but for honest reflection and tribute.

— From the Jerusalem Post.

Her political life had been lived out in the Israeli Labor movement, which began as a self-sacrificing pioneer elite, grew into a privileged ruling class, and as such was eventually rejected by the Israeli electors. Although

Golda Meir preserved her frugal, modest way of life to the end, she was unable or unwilling to halt the process. Although brought up in the belief that socialism means peace and right-wing philosophies war, she lived to see the prize of peace negotiations fall into the hands of a man whose ideas were anathema to her. She accepted it with good grace; country meant so much more to her than party or ideology. Her mourners will range far wider than political allies and committed pro-Israelis, for she enriched the world political scene.

— From the Daily Telegraph (London).

Even though she failed to see her greatest dream fulfilled — that Israel would be at peace with its neighbors — she was surely one of the most remarkable figures of our century. And a crushing answer to those who still proclaim that a woman can never succeed in the harsh arena of international politics.

— From the Sunday Express (London).

In the International Edition

Seventy-Five Years Ago

December 11, 1903

NEW YORK — The Chicago Tribune commented in an editorial: "Cuba is a part of the American political system and cannot be detached. That is well understood on the other side of the ocean. Cuba is as far beyond the reach of Europe as if she were an American State. So there is no need to annex Cuba yet, and she will come of her own desire in good time. The Americans who have investments there may wish to see Cuba a part of the United States, but the natives do not appear to have the same wish yet. They seem to be having fun with living in a state of independence."

Fifty Years Ago

December 11, 1928

NEW YORK — "Machine-Gun Louis" Wisbrod, who has built up a lucrative business selling Al Capone and other members of Chicago society the tools of their trade — semi-automatic machine guns, grenades and bullet-proof vests — dropped in at police headquarters in New York with a view to broadening his market. Just checking if the police commissioner wants something useful and in good taste, Mr. Wisbrod said, adding, "I sell only to those with an O.K. from high police officials, and as we gangsters elect them, these O.K.'s are not very hard to get."



"Let's Remember What We're Here For —
To Keep Getting All Of Us Re-Elected"

U.S. and 'Guaranties' for Israel

By James Reston

WASHINGTON — In the long and agonizing negotiations for some kind of peace agreement in the Middle East, we have now come down to a really critical point.

President Carter is obviously irritated with both President Sadat of Egypt and Prime Minister Begin of Israel for fussing over what he regards as minor objections to the Camp David accords, which he worked so hard to achieve.

"There have been unwarranted delays," he told reporters the other day, "quibbling over what seem to us to be insignificant language differences, and excessive public statements on both sides that have made the negotiating process excessively difficult."

"I would like to add one other thing," Carter said. "If the Egyptians and the Israelis violate the three-month limit on negotiating this treaty, it will be a very serious matter. If, because of mutual lack of agreement, we go past Dec. 17, it would cast doubt on whether the Egyptians and Israelis would carry out the difficult terms of the upcoming peace treaty, and it would set a precedent that would have far-reaching adverse effects."

Two Questions

This was calculated public political pressure from the White House, and it will probably produce the signatures of Sadat and Begin on some kind of compromise agreement before the 17th of this month or anyway by the end of the year. But there are two fundamental questions:

First, will Israel and Egypt, Europe and the Arabs and the Russians really believe in it; unless, second, the compromise agreement has a treaty guarantee by the United States, confirmed by two-thirds of the Senate?

The chances are that they won't, and this is the problem Washington has never really faced: either in the White House or the Congress. Both have been fascinated by the immediate tangles of the negotiations and by the personalities of Sadat and Begin, but these are passing and transient considerations.

What is at issue in the Middle East is the balance of military power in the world and the future of a comparatively free civilization. This struggle will go on long after Begin, Sadat, Carter, Brezhnev and all the other contemporary political characters are gone.

After all the negotiations, and especially after all the doubts and delays on both sides after the Camp David accords, there is clearly very little trust between the governments in Cairo and Jerusalem.

Both are trying to amend or redefine the compromises worked out under pressure from Carter in the Maryland mountains. Sadat is insisting not only that there is a link between the agreement on the Sinai and the future of the West Bank and Gaza, but on conditions the Israelis think would lead inevitably to the creation of an independent Arab state that would threaten the security of Israel.

Begin, meanwhile, harassed by his own memories and the political opponents within his own coalition, fears that he is giving up geography and tangible military positions essential to the security of his state in return for promises of good behavior by time by opponents within his own coalition and terrorists within the rest of the Arab world.

Carter has dispatched Secretary of State Vance to Cairo to try to keep the talks going and get a compromise for the 17th of this month,

particularly to find out why Sadat has suddenly pulled back from his original agreements at Camp David and what he wants.

But in the end, the likelihood is that, even if some kind of cosmetic compromise is reached, both sides will insist on U.S. financial aid to facilitate the Camp David understandings, and equally important, U.S. political and military treaty guaranties to hold the line in case the Camp David treaty breaks down.

Carter and even the influential supporters of Israel in the Congress have been very vague about this. They have asked Israel and Egypt to be precise, and have talked about "guaranties" of a Middle East peace, but they have not been very precise themselves about what U.S. "guaranties" of a Middle East "settlement" would mean.

Hesitant Approach

It is almost tragic to recall at the death of Golda Meir — that noble woman and former prime minister of Israel, who knew the United States so well — that even she was not sure that she wanted for her country an American military guaranty that might reduce Israel, she feared, to the status of an American "protectorate."

But even so, it is hard to imagine what will reduce the anxiety of the Israeli people as they approach an agreement with Sadat, they don't quite believe in, other than a treaty assurance that the United States will come to their aid if the Camp David agreements are violated sometime in the future.

For the United States this is a very hard question. Does it want to commit its military power to keep the peace in the Middle East not only in defense of Israel but for Egypt and the rest of this strategic area reaching from the Lebanon to Iran, both now in turmoil, after its disastrous commitments to Vietnam?

And would the Senate approve such a treaty, even if President Carter proposed it?

So it is no wonder Carter has avoided the question of "guaranties," the vague compromises in the Middle East, but maybe there is no other way to make credible in Israel, Egypt or anywhere else, the treaty they will undoubtedly sign by the end of this month.

A New Kind of Battleground

By Colin Legum

LONDON — In the Horn of Africa, now largely unreported in the news media, the killing continues on a terrible scale, while the Russians and Cubans adventurously stand by their commitment to help consolidate the Marxist-Leninist revolution proclaimed by Lt. Col. Mengistu Haile Mariam's military regime. Because the weapons being used in Ethiopia come from the North Atlantic Treaty Organization powers but exclusively from the Warsaw Pact members, while the troops come from Cuba, the campuses in the West are silent. So, too, is the rest of Western opinion.

In the Moscow-oriented part of the Communist world, the heavy toll of human misery is justified in the name of Marx, Lenin and the spirit of progressive revolutionary struggle.

One recalls a time when Marxists actually believed that the success of "progressive revolutions" depended on the masses' popular support. Revolution, after Trotsky, was not supposed to be exported; nowadays it is, in order to export huge quantities of Soviet weapons to support struggling minority regimes. This is what happened in Hungary and Czechoslovakia, and is now happening in Ethiopia.

In that noble old land, the masses, who have been slow to respond to the banner of Col. Mengistu's "popular cause," are being flattened by MiGs. "Stalin organs" (122-mm rocket missiles) and TU-34 tanks.

There are, today, perhaps a hundred times the number of political prisoners than in the worst period of the late Emperor Haile Selassie's rule. Not all of them are by any means supporters of feudalism; their crime is that they are counter-revolutionaries. In this category belong hundreds of idealistic young Marxists who tried to stand out against the kind of revolution that requires huge quantities of foreign arms and troops for its success.

Ethiopia has become a new kind of battleground in the Third World. It is not Vietnam, nor even Angola. If anything, it is Spain during the Civil War period of the 1930s — but in reverse. There, the fascist powers provided the arms that enabled Generalissimo Francisco Franco to establish his dictatorial regime, while the democracies stood by in a comfortable posture of nonintervention.

In Ethiopia it is the Communist powers who are providing the "superior arms" to help nail down an unrepresentative regime on an unwilling populace — and, once again, the democracies are maintaining a careful noninterventionist role.

Let me make it clear: I am not arguing for the democracies to become militarily involved in the Horn of Africa. I am only arguing against their remaining largely silent in the presence of massive foreign intervention.

A new phrase is creeping into the language of Marxists in the Third World: "Superior arms." The argu-

ment among those advocating revolutionary change is that, in choosing your "strategic allies," it is necessary to be sure that they possess "superior arms." It can be a very convincing argument when used among desperate people who use genuine reasons for abandoning hope in democratic methods of struggle.

Divisive Issue

I recently met a black South African who has just completed a 15-year spell of imprisonment on Robben Island. He told me that the most politically divisive issue on the island, where South Africa keeps those convicted of politically inspired crimes, is over the issue of whether allies should be chosen on the basis simply of "superior arms."

What happened in Angola in 1975 obviously made a deep impression on the thinking of the prisoners on the island. And if Ethiopia goes the way the Russians and Cubans are determined to go, it would predictably strengthen this impression.

The Soviet Union's "superior weapons" have at long last begun to have their effect on the tough 18-year-old Eritrean struggle. However, despite the government's successes, the fighting by no means over in Eritrea — any more than it is in the Ogaden, Bale, Sidamo, Tigre and in other Ethiopian provinces.

Nevertheless, democrats who have no answer of their own to the question of how to resist the Russians without themselves getting back into the business of peddling arms in the Third World feel themselves by repeating that "in the end" the Russians will be found to have dug their own graves in Ethiopia. It is a comforting thought, but it is not necessarily true. But if the Russians and Cubans should in the end be found to have dug their own grave in the Horn, that will be no thanks to the enemies of totalitarianism.

Colin Legum, who writes for The Observer of London, wrote this article for The New York Times.

And a Test for Carter

The Critical Impact Of Iran Emergency

By Joseph Kraft

WASHINGTON — When Louis XVI went to the guillotine, every monarch in Europe felt the back of his neck. So it is with the troubles now besetting the shah of Iran.

All the other leaders in the Middle East are watching to see what happens. Since they affect the world balance of power, Iran has become the center of a full-fledged international emergency — a first, and so far not altogether reassuring, test of the Carter administration's capacity to manage a crisis.

By itself Iran is important enough. It supplies about 20 percent of the oil shipped to Europe, Japan, the United States and the other major consuming countries. It occupies a strategic bit of real estate due south of the Soviet Union, and adjacent to two countries — Afghanistan and Pakistan — which are prime candidates for Soviet troublemaking.

Since the British withdrawal from the area in 1971, moreover, the shah's forces have been the principal source of security for the whole Gulf. A weakening government in Iran has a direct bearing on the world's leading oil exporter — Saudi Arabia. As the secretary of energy, James Schlesinger, said in a notable speech in London last week: "The disruptions in Iran's oil fields are vivid reminders of the fragility of the production and logistical system on which the health of the industrial world depends."

A Bellwether

All the moderate leaders in the Middle East, furthermore, regard the shah as a bellwether. I saw President Sadat of Egypt last month just after I had seen the shah. Sadat pointed out to me that he and the shah were born in the same year, graduated from military school in the same year and had close personal relations.

"He was so sharp," Sadat kept saying. "How could it happen to him?"

Worry about that question and its implications for him is undoubtedly one of the main reasons for Sadat's slowdown in the peace negotiations with Israel.

In the United States, the Central Intelligence Agency and the military intelligence organizations were clearly surprised by the sudden decline of the shah's authority. As

usual in such cases, the intelligence failure was set within a larger intellectual blind spot which affected business, the media and the universities as well as government. Except for a tiny handful, notably Prof. Michael Fisher of Harvard, almost no Americans perceived the formidable political impact of religion in Iran.

But even when the dangers became clear, the Carter administration failed to act effectively because of a deficient organization reflecting a poor overall sense of strategy. The basic fact is that this administration has had no high-level official paying systematic attention to Iran and the other countries of the Gulf. The highest official who cares a lot about Iran in the State Department is Henry Precht, a desk officer who has to report through four layers of officials, primarily involved in Arab-Israeli business, before reaching the secretary of state.

His opposite number in the Pentagon is Robert Murray, who also has to report through four layers of officials before getting to Secretary of Defense Harold Brown. The White House man on Iran is a Navy captain, Gary Sick, who reports through four bosses before reaching the president.

Carrying the Ball

The CIA, which has traditionally carried the ball for Iran in U.S. government councils, has almost as much of a policymaking institution. The ambassador in Tehran, William Sullivan, has little standing at the State Department because of the role he played in pursuing the Johnson-Nixon line in Vietnam.

One example of the problems that result was the president's remark Thursday that the shah might not survive. That comment was made off the wall without any serious consultation. It drew a furious reaction from Tehran and a panicked one from the rulers of the Gulf. It appalled U.S. officials concerned with Iranian affairs.

The designation of former Undersecretary of State George Ball to head an Iran task force is an acknowledgment that something went wrong. It would be a gain for everybody if the president and his men could come to understand that the most serious difficulty was not an intelligence failure in the middle ranks, but the wrong strategic priorities at the very top.

Letters

Reply to Ullman

Perhaps it is to be expected that a politician fresh from the hustings will be inclined to make absurd and self-serving assertions. Still, Rep. Al Ullman, D-Ore., has a lot of nerve to claim that the new tax law is designed to provide "equity" for Americans in Europe (NYT, Nov. 29). And his stated desire to represent overseas Americans, while in the next breath opposing special congressional representation for them, is simply breathtaking.

However, the case against this new tax law is evident in Ullman's own words. For example, he admits that it is actually America's economic interests, its trade position and even the quest for "influence"

in the Middle East which govern decisions about this tax — not some spurious notions of equity, cooked up for the folks back in Waterloo, Iowa. Even more interesting is Ullman's admission that he himself does not know what effect the new law will have on overseas Americans. The fact is that he doesn't really care, as long as the economy and all the rest do not suffer: only if "the actual impact . . . is harsher than we think," thereby forcing Americans back to the states, will Ullman reconsider the tax law.

What we have here is a simple case of the taxpayer as the golden-egg-laying goose. One can almost visualize the charts and graphs back in Washington purporting to measure the marginal utility of U.S. citizens abroad. Of course he's prepared to reconsider the cost-of-living adjustment quotient: A man does not become chairman of the House Ways and Means Committee without some notion of the value of keeping productive geese alive. Ullman's hope is to push taxes up to a level just short of that which would bring significant numbers of overseas residents back home. Just another example of macro-economic time tuning.

The time has come to reject unequivocally this arrogant assumption that no place on earth lies beyond the reach of the Internal Rev-

enue Service of the United States. To yield that point and concentrate instead on cost-of-living indices, the balance of payments, the desirability of living in Paris, etc., is ridiculous, and simply provides more business for lobbying firms in Washington. The appropriate response to Rep. Ullman and the IRS is not more cheap talk, but rather a flat refusal to pay U.S. taxes.

CARROLL DORGAN, Liege, Belgium.

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A Special Report



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Focus on the Netherlands — 1978

Government Seeking Moderation in a Break From the Past

The Economy

Tripartite Talks Center On Wages, Jobs, Benefits

THE HAGUE (IHT) — The tripartite talks between government, unions and employers on wages, jobs and benefits in the Netherlands have gone through the first round. No one was happy with the preliminary discussion, which will inevitably sharpen into a skit in the coming months.

The elements in the argument are familiar. The Dutch economy is in a state of stagnation. The government is seeking to reduce unemployment and inflation during the next three years. To this end it proposes wage restraint and a reduction in the growth of social welfare costs.

Nonetheless, Wim Kok, leader of the 1.7-million-strong Netherlands Federation of Trade Unions, says, "There is not much chance of a wage agreement," adding, "We are moving into a socioeconomic minefield."

And the leader of the opposition, Joop den Uyl, is on record as saying that he, too, expects the talks to fail. He accused the government of "sowing optimistic confusion" by making "half promises." Both men believe the government intends to try to restrict incomes of the lower-paid workers, while leaving those of the higher-paid almost untouched.

The unions also make the point that if the number of jobs is to be reduced, there must be a more even distribution of work. They say that the normal week should be reduced from 40 to 35 working hours with those holding jobs taking a "vacation" on Friday afternoons.



Canal creates a tranquil scene in the center of Amsterdam.

Coalition Leader's Aim Is 'Joint Responsibility'

By David Haworth

THE HAGUE (IHT) — One year ago, confident predictions were being made that whatever the final arrangement of a Dutch coalition government, it would be led by the Labor Party's Joop den Uyl. These forecasts came to nothing.

The last election here, in May, 1977, gave Labor 53 of the 150 seats in the Parliament's second chamber. That was 10 more seats than they held before the election. In the Netherlands, this was considered a landslide for the Socialists, who make up the Labor Party.

What happened after is a long story. But the upshot was that there was no government for seven months. Finally, a year ago, Mr. den Uyl gave up trying to form a coalition and stood back for the leader of the Christian Democrats, Andreas van Agt, to form a coalition with the Liberal Party.

Most parties would agree that this prolonged episode had the effect of first amusing the electorate and then of disillusioning it. It is not an exaggeration to say that even in this period of economic difficulty, the Dutch are tired of party politics.

Sensing this mood, Premier van Agt's coalition has adopted an unexciting profile. It is not that its individual members are in them-

Crisis

On the economic front, however, there can be little doubt that the government will face severe difficulties. Some officials feel that there will be a crisis before the collective bargains are satisfactorily negotiated. But, as one observer said, however chagrined the unions might become about the government's wage restraint policy, little point would be served in bringing the government down at this crucial stage. If the economic problems are to be properly tackled, an air of calm to the point of boredom is what is required. This is not, he added, a cynical view but a realistic one.

Van Agt: Ending Unemployment Is 'Highest Priority'

THE HAGUE (IHT) — Andreas van Agt, 47, a member of the Catholic People's Party, became premier of the Netherlands a year ago as part of the ruling Christian Democratic coalition. An academic lawyer by profession, he has written widely on legal and ethical issues and was formerly professor of criminal law at the Catholic University of Nijmegen. He became known outside his own country when, after becoming justice minister in 1971, it was his duty to deal with a series of Moluccan terrorist acts. Unlike his Socialist predecessor, Joop den Uyl, Mr. Van Agt has kept a low profile since coming to power. Here he gives an interview to David Haworth.

Mr. Haworth — You came to power after a particularly restless period in Dutch politics. With that in mind, what are the priorities of this administration?

Mr. Van Agt — This government's highest priority is to alter the trend of unemployment — which without a change of policy would rise sharply — and to set it on a downward course. In order to achieve this effect the most important requirement is to consolidate the position of industry and thus to



Premier van Agt.

make it more competitive both on the domestic market and abroad. This necessitates a change in the way our national income is distributed, insofar as limits must be set to the increasing amount being swallowed up by the public sector, while in the private sector wage increases must be moderated.

Q — Is this coalition a seven-day wonder or does it have real durability? Why?

A — This coalition has only a small majority in Parliament. But in predicting how long it will survive it is important to consider that the country's economic situation is rather difficult and that many people realize that a political crisis, perhaps involving a lengthy period of uncertainty with no effective government, would be a considerable risk for the country.

Q — Do you see any fundamental, long-term change in this nation's politics, of which the sectarian aspects often strike outsiders as curious to incomprehensible?

A — We are indeed a curious

people. Our behavior is determined on the one hand by ethical convictions, which sometimes make us tend to be dogmatic, and on the other by a form of obstinacy, which may express itself in a know-all attitude. However, we conduct our foreign policy wherever possible in consultation with our partners in the European Economic Community.

Q — For a variety of reasons the guilders is unusually strong. Given the somewhat precarious condition of the Dutch economy, how long can this state of affairs last — or should it last?

A — This question, in fact, poses two problems, namely that for a variety of reasons the guilders is unusually strong and how long can or should this state of affairs last, given the somewhat precarious condition of the Dutch economy.

The assumption implied in the first statement is incorrect. It is true that, seen in a short-term context, there is a deterioration in our balance of payments. We expect a small deficit (of anything up to a billion dollars) for 1978. This in itself is no problem given the size of the monetary reserves which were

Pollution: The 800-Mile-Long International Sewer Ends Here

By Rik Care

AMSTERDAM (IHT) — Dutch hopes of long-awaited action on the dangerous polluted Rhine river have once again been dashed by the French. A French government bill ratifying an agreement signed in Bonn in 1976 by the five Rhine states, the Netherlands, West Germany, France, Switzerland and Luxembourg, has been withdrawn from the current session of the French Parliament. France, one of the Rhine's major polluters, is the only country that has failed to ratify the agreement.

Major opposition to the bill has come from the Gaullists, who derive much of their support from the east of France, where the pollution-causing industries are concentrated. The opposition stems largely from the high costs of antipollution installations and treatment, as well as from fears for eastern France's own environment should the Rhine no longer be legally available to carry the problem elsewhere.

A spokesman for the French embassy in The Hague explained his government's decision: "It was a matter of deferring the bill to the next session of Parliament while the government lobbies for support to ensure its passage or putting it through now with the danger that it

would be defeated. To safeguard the bill, we had to withdraw it."

It is a great disappointment for the Dutch, who have the misfortune to be on the receiving end of what has become an 800-mile long international sewer. The Netherlands has survived for years to achieve some kind of effective agreement on pollution controls, which finally culminated in the Bonn accord of two years ago.

Bonn Agreement

The Bonn agreement is directed towards the two major pollutants of the Rhine: chemical wastes and salt. Effluents from the German industries in the Ruhr region and the potash mines in the French Alsace are by far the greatest pollutant producers.

In 1976, analysis of water entering the Netherlands at the German border revealed that the Rhine was bringing into the country some 20 tons of mercury, 250 tons of arsenic and 1,200 tons of lead annually, in addition to many other harmful substances. To dramatize this point, a Dutch newspaper published a perfectly good photograph a few years ago that had been developed by using only "pure" Rhine water.

The Netherlands derives 15 percent of its drinking water from this

In 1976, analysis of water entering the Netherlands at the German border revealed that the Rhine was bringing into the country some 20 tons of mercury, 250 tons of arsenic and 1,200 tons of lead annually, in addition to many other harmful substances.

cheap source of photographic developer, a figure that can only increase in the future since other supplies are already strained to maximum capacity. "We are very anxious about the Rhine," points out Jur Lieffering, information officer of the Netherlands Association of Water Supply Companies.

"Although the Bonn agreement resulted in a black list of about 18 chemical pollutants, there are thousands that should be on it," he says. "And although the amounts of some pollutants are now decreasing, the number of different ones is increasing. We find more new substances every two or three months. It is not possible to eliminate them entirely through the purification process. It already takes a lot of effort to get the water pure enough for consumption and even now we cannot be certain that some substances are as relatively innocuous as we previously thought. Only

time can determine the long-term effects on health."

Mr. Lieffering adds that a major problem, in spite of the Bonn agreement, is the lack of essential information on exactly what is being dumped into the Rhine, since German industrialists fear this would compromise their industrial secrets.

Wildlife

The chemical pollution is not only a problem for the supply of drinking water. The Wadden sea area off the north coast of the Netherlands, between the mainland and the Frisian Islands, is one of Europe's most important bird sanctuaries and fish-breeding areas. It is also the only remaining home for the Netherlands' seals and a major refuge for numerous other forms of wildlife.

But the seal population has dropped over the years from more

than 2,000 to less than 400. The decline stabilized briefly in 1975 when the recession cut back German industrial output. Numerous species of birds, fish and other wildlife have become extinct or are threatened.

The situation remains grave, although progress has been made in some areas. German cooperation is increasing, and negotiations to extend the black list of chemicals that may not be dumped into the Rhine are underway. Odd as it may seem, what the Dutch regard as their greatest threat is not chemical pollution, but common salt.

Salt

Twenty-seven percent of Dutch land area lies below sea level, and half of the land is not very far above. Preventing ruinous salt accumulation in fresh water areas and precious agricultural land is a constant struggle. Most Dutch water-

ways are flushed with fresh water several times a week to combat salt build-up, and a major source of this water is the Rhine. Analyses in 1976 revealed that the Rhine itself was bringing some 16 million tons of salt annually into the country, with more than a third of it coming from the French government-owned potash mines in the Alsace.

Damage to agriculture alone is estimated at 60 million guilders (\$28.7 million) a year, with hundreds of millions more being invested in treatment facilities for drinking water. Official attempts during the years to alleviate this problem have so far come to nothing. "Our problem is that all we can do is ask for cooperation," Mr. Lieffering says. "We've already paid 24 million guilders to France as a first contribution towards antipollution measures, but I'm afraid this is beginning to look like money down the river."

A dramatic breakthrough could well be on the horizon, however. A group of private citizens, weary of 30 years of fruitless official negotiations while the Rhine died, formed the Rhinewater Foundation in September, 1974, and a month later filed a lawsuit with a local court in Rotterdam.

Since then, the foundation has fought and won a series of legal battles at a total cost of about 100,000 guilders, all from private contributors, while the suit has worked its way through various judicial processes.

Regulations

The final verdict, due on Jan. 8, is expected to be in the foundation's favor.

Under Common Market regulations, this could clear the way for anyone who feels he has suffered from the effects of pollution to file damage claims against the polluting factories. "We are quite confident we will win," says D. M. G. Lasonder, the foundation secretary. "What is being done is utterly illegal. Water doesn't recognize international frontiers. It is a gift of nature, and it belongs to everybody."

Atmosphere

The atmosphere has changed considerably since then. But it is not reactionary. There is no strong disposition to unravel any of the major pieces of legislation enacted under Mr. den Uyl. Rather, the change is signified by a halt in that radical process he began, and pedestrian issues have been put in its place.

True, this government has extended the influence of workers in the running of their companies. However, Mr. Van Agt has now turned his attention to the preparation of a new antipollution law that is intended to give greater protection to the soil — literally, a down-to-earth measure.

There has also been a revival of the abortion debate as a result of a draft bill put forward by the coalition. It seeks approval for abortion up to five months after conception, providing the operation is carried out under strictly laid-down conditions.

This proposal has not pleased the opposition because of a five-day mandatory waiting period between the time a woman decides to have

(Continued on Page 8)



An Industrialist Foresees Painful Adaptations in the 1980s

By Alan Tillier

ROTTERDAM (IHT) — The possibility of a balance-of-payments deficit, economic recovery and labor-union moderation are discussed by Berend Udink, a former Dutch Cabinet minister and now president of the board of Ogem B.V.

This industrial holding company includes one of the leading Dutch construction firms — the Netherlands is the home of some of Western Europe's most dynamic building enterprises that have been notably active in the Middle East — as well as a large worldwide trading concern and is heavily involved in electrical-mechanical contracts. These three branches give Ogem an annual turnover of about 5 billion guilders (\$2.4 billion).

While in the Cabinet, Mr. Udink served as minister for economic development, housing and urban development and transportation and public works.

Here Mr. Udink talks with Alan Tillier for the International Herald Tribune.

Mr. Tillier — What is your view about the Netherlands' likely balance-of-payments deficit?

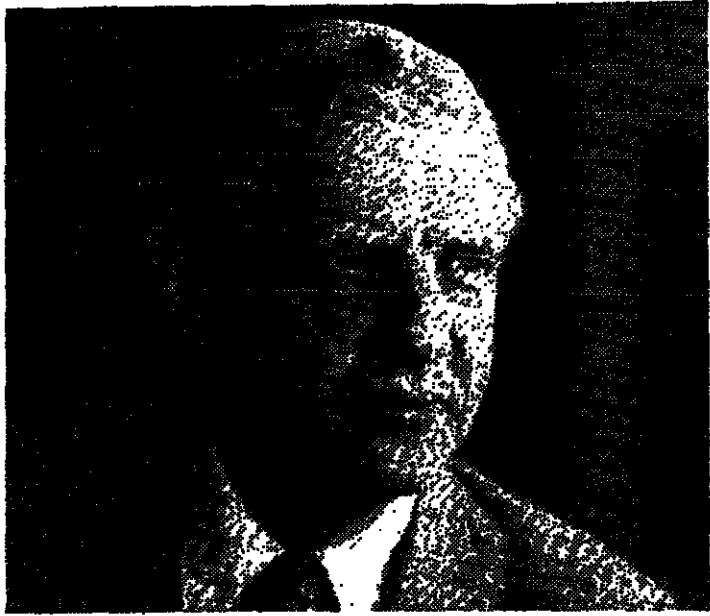
Mr. Udink — I have a foreboding of bad weather to come. Sacrifices are difficult when the immediate urgency is not clear. Try and tell people it is coming and they reply "Wait and see." There has been too much of this wait-and-see attitude.

Q — So you are not very optimistic about a recovery?

A — Well, the Dutch are preachers, but when the chips are down we become mercantile, reasonable people. The Dutch trade unions are the first in Europe to comply with a zero-growth line over the next few years. This is already a step toward moderation. In the past, all kinds of governments here allowed wages to get out of hand. We have all been responsible — left and right.

Q — Will this sense of moderation work?

A — It will be painful. We are going to have to step down from present levels of prosperity and social welfare, the levels which have been rising in the last 10 years. But I don't think the present government is doing enough. The danger is that it will seek to please the left. The cuts which it has announced are not in spending but in the rise



of spending, say 10 billion guilders out of 400-500 billion guilders.

Still, we have come down quickly and spectacularly from 8- to 9-percent inflation to a 5-percent rate. The unions seem agreeable that wages should not rise beyond this.

Q — But don't the unions want something in return for this restraint?

A — Certainly. They want progress in the nonmaterial sphere, a greater influence on investment policy. The workers councils can already veto the appointment of directors and they now want more powers, including a share in any increase in capital. We have always sat around the table at Ogem, and I don't consider these latest demands as revolutionary. In this difficult time in Western Europe it is important to raise the level of confidence between management and workers. You have to take workers into your confidence, discuss with them where to invest. Horizons cannot be opened by governments. I am quite prepared to sit with the workers' representatives and put to them: "This is what we have in the way of money to invest. Now tell me your ideas about how to invest it so that we obtain a 12-percent return after taxes."

Q — Is there a cure for the so-called Dutch disease — the ever-rising cost of a welfare state when the nation's greatest resource, natural

gas, has been wasted on nonproductive investment?

A — These wage increases were made possible by natural gas, and we are eating this up now. But this so-called Dutch disease moves from country to country. Even French productivity was not so high in the

1950s and made the government hesitate about membership in the EEC (European Economic Community). Sweden has been another case.

The 1980s are going to be a period of painful adaptations. We will be forced to pull ourselves out of

the morass. There must be conviction that growth is good, that it doesn't spoil the environment, but that it is inevitable and healthy to look forward to new possibilities. A basic change of attitude is needed.

Q — To turn to your own company, does the 4 billion guilders

housing contract in Dammam, Saudi Arabia, mean that Ogem is turning increasingly overseas for work?

A — Well, we now have 40 percent of our turnover outside of Holland. We are not certain about the Riyadh University contract as the Franco-American consortium of

Bouygues and Blount have put in a far lower bid than that of the Ogem/Skanska group. Still it will be several months before the Saudis reach a decision, and I shall be there shortly to review the situation. We have our traditional power stations in the Caribbean, Surinam,

Venezuela and Peru. There is a tendency for these to be nationalized, but often we stay on as managers, as in the case of Curacao, where we received a reasonable settlement.

We are keeping 40 percent of the company in Surinam and 20 percent in Venezuela.

There is a lot of work before us in Nigeria through the Dutch state Nederhorst company, which we run, and our German sister company, Beton and Moutierbau, of which we own 35 percent. There's a big port contract there, a cement works in Tanzania, contracts in Algeria, a plant for Bofors in Iran, some 150 power-generating sets for the bigger islands in Indonesia.

Q — What remains of Ogem's trading role?

A — We are the biggest European technical trading company, with a turnover of 2.5 billion guilders and a staff of 10,000 people. It remains the largest of our divisions — we move capital goods like tools and equipment, household appliances, hi-fi's, TV sets and fridges around the world. It's real cross-trade. We carry Japanese things to southeast Asia, U.S. goods to Africa, Japanese goods to Europe and Hong Kong textiles to Britain. Six-month group profits this year increased from 11.1 million guilders to 13.5 million.

— Berend Udink

'Well, the Dutch are preachers, but when the chips are down we become mercantile, reasonable people. The Dutch trade unions are the first in Europe to comply with a zero-growth line over the next few years. This is already a step toward moderation. In the past, all kinds of governments here allowed wages to get out of hand. We have all been responsible — left and right.'

Building a Channel and Enlarging a Harbor in China

AMSTERDAM (IHT) — Dutch companies are making preparations for what appear to be some big contracts in China. Although they were not late starters in the rush to do business with the Chinese, the Dutch have been preparing their negotiations carefully, with the result that the Netherlands now has two protocols with the Chinese for port and harbor work potentially worth more than \$2 billion.

So far, Japan has obtained the major share of the first wave of contracts under Chairman Hua Kuo-feng's massive industrialization program. Among West European nations the West Germans, with coal mining and petrochemical contracts, have been the most successful in winning Chinese orders. The British also have firm

orders for oxy-alcohol plants and mining equipment.

Of the two major Dutch-Chinese projects, one is for the enlarging of the harbor at Lien-yun-kang, about 700 kilometers north of Shanghai. This port at the moment handles around 2½ million tons a year of coal and a similar amount of general cargo. The Chinese aim to expand this port at least six times by 1986. Virtually all the extra tonnage will be for export. There could be further extensions up to the year 2000.

Deep-Channel Project

The other project, which could be much more expensive, is for a deep channel at the mouth of the Yangtze. The present channel allows the passage of ships in the

15,000-20,000 ton range. The deep-channel project is linked to the new Japanese-built steel plant at Pao-shan, 50 miles up the river.

A Dutch engineer described the magnitude of the project: "The estuary is both difficult and a few times bigger than the Dutch Delta, where we've spent a few billion dollars and where we have been working for 25 to 30 years. They want a channel for 50,000-ton ships."

For the two projects, the Dutch estimate that the coal-port extension will require six months to a year of studies, with a longer study period for the channel.

The Dutch are particularly skilled in the science of port-construction and channel-dredging. IHC Holland has already sold dredgers to the Chinese Ministry of

Communications. The man in charge of this ministry, Yeh Fei, has just concluded a detailed study in the Netherlands of what the Dutch have achieved in port and delta works.

The contracts with China could not be better timed, for the Dutch, who have been working on port projects in the Middle East during the last three years, are running out of new contracts in the area.

The Consortium

The Bos Kalis Westminster dredging and construction group has taken the initiative with China trade for the moment trade is only some 150 million guilders in each direction. Hydronamic, its engineering arm, was chosen as the leader of the consortium that also

includes, aside from IHC, the Nedeco engineering group, which acts as an umbrella company for a number of Dutch engineering concerns.

The Chinese had originally hoped to barter coal against financing, using a new coal port at Rotterdam. Now there is a possibility of dollar financing. C.F. Karsten, chairman of the Amsterdam-Rotterdam Bank (Amro), has been to Peking to talk with the Bank of China. He confirmed that the Chinese did not want financing in guilders but in dollars.

Spokesmen at Amro stated that the bank is putting together a consortium that will include both Dutch and foreign banks, a formula it has already used for the financing of some major projects in Saudi Arabia.

Another area of Chinese interest is medium-haul jets. Fokker company executives are talking to the Chinese about sale of the F28 jet, an 85-passenger aircraft that sells for 18-to-19 million guilders. The Dutch say that Chinese interest in this aircraft has been growing in the last six months. A Fokker spokesman commented: "They are going to speed up their internal network, for which the F28 is suitable, as well as buying wide-bodied jets."

Fokker also hopes there will be a Chinese market for its long-serving "workhorse," the F77, which can be used on less sophisticated airfields. Fokker's space activities have drawn some interest from the Chinese — the Irs infrared satellite and the Vanden infrared astronomical satellite.

— A.T.



The Dutch are dredging, constructing new dikes and harbours all over the world. Five of the world's biggest companies are Dutch. Dutch tugboats tow ships safely over the five oceans. The first continental airline to New York was Dutch. Forty percent of all transport in the European Common Market goes via the Dutch.

Holland is too small for the Dutch. Does it surprise you then that a Dutch bank, the ABN Bank, has branches in almost every financial and trade centre in the world?

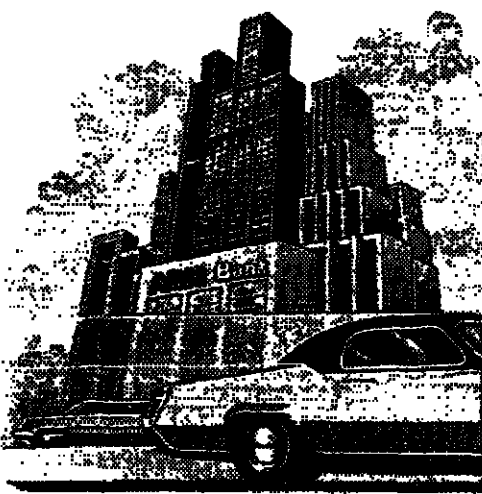
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Now there are a million reasons to keep in touch with the Dutch

In June 1974 a Philips PRX computerized telephone exchange utilizing Stored-Program-Control, SPC, was inaugurated in the Amsterdam district of Wormerveer. Serving 6144 subscribers, it marked the beginning of an ambitious telephone modernization programme in which Holland's entire public telephone network would gradually be converted from electro-mechanical to computer control.

The pace with which this programme has proceeded during the past four years can be measured by the fact that in December — as planned — the 157th PRX exchange will be integrated into the national telephone network; increasing the number of SPC-connected subscribers to one million; which is 20% of Holland's present telephone population and the world's most concentrated network of SPC lines. And during 1979 a further 380,000 lines will be connected via PRX exchanges; eleven of which will be multi-control installations.

Among the many advantages of SPC telephony is its ability to provide each subscriber with direct access to a variety of convenient computer-stored services such as: automatic wake-up, call transfer, call costing, abbreviated dialling and many others. The Dutch Telephone Authority is presently conducting a subscriber survey in two representative telephone districts to determine user-acceptance of a number of these services.

When the modernization programme is completed in about the year 2000, Holland's SPC telephone network, having kept pace with the present, will be ready for the demands of the future. For in addition to providing all the benefits of stored-program-control, the Philips PRX exchanges used throughout the network can simply and economically be converted to digital performance as and when required.

Telephone Administrations the world over, faced with the need to modernize and extend their public telephone service, should look at the rate of Holland's progress to date. They'll find a million reasons to go SPC... via Philips PRX exchanges.

PRX ringing the changes in telephony

Philips Telecommunications



PHILIPS



Tripartite Talks Center on Wages, Jobs and Benefits

(Continued from Page 1)

comes of up to 30,000 guilders a year in a period when inflation is likely to be between 4 percent and 4½ percent. They accept that this inflation rate is a big improvement over the past few years but say it should be further decreased to between 2 percent and 2½ percent to keep the Netherlands in line with the Federal Republic.

A start is to be made next year on implementing "Estimate '81." The central planning bureau believes that the overall position of the Dutch economy is so serious that it is unrealistic to think it can be cured in the short term. Thus, the strategy is predicated on a long haul out of the present difficulties. However, the bureau stresses that in its present form the plan cannot be regarded as a definitive blueprint for the next three years and will have to be adjusted year by year.

Meanwhile the nation has suffered two blows. First, there is to be a deficit this year in the balance of payments of between 1 and 2 billion guilders, when the forecast had suggested there would be a year-end surplus of 500 million guilders. This is largely due to a slackening in demand for Dutch natural gas by overseas consumers.

Second, the McKinsey organization, a management consultant firm, in a report commissioned by the Ministry of Economic Affairs on how attractive the Netherlands might be for foreign investors has just published some embarrassing conclusions.

The report listed three main reasons for the recent falling off of foreign investment in this country: There is a small home market (population 13.77 million), labor costs are high, and there is a climate of uncertainty about socioeconomic policies in the Netherlands.

Foreign Investors

The report was based on a survey of foreign companies here. It cannot be shrugged off because at the moment about 20 percent of the labor force is employed by foreign investors. Furthermore, foreign investments account for almost 25 percent of total Dutch industrial investment.

The investors also complained about the high social charges they have to pay and that production has not kept pace with the high val-

ues of the guilder. In addition, they claim there is a much higher degree of absenteeism compared with other European nations. The survey showed that such attitudes were strongest among U.S. investors.

McKinsey's conclusions were not, however, all negative. There is still an interest in investing in the Netherlands — especially among the Scandinavians and, to a lesser extent, the Japanese.

But foreigners are worried about the implications of recently passed laws that give workers a greater say in the way their factories are run. There is also anxiety about the draft bill on workers sharing in profits made by their corporations.

The worker participation law gives work councils in the companies the right to fight management

decisions on personnel. It also extends their advisory privileges to cover takeovers, investments and the hiring of new workers. (Dutch workers were already entitled under a law passed seven years ago to give their views on mergers, shut-downs and reorganization.) As in the previous law, the new law allows the work councils to meet without a member of management sitting in.

'Uncertain Adventure'

Mr. Kok and his trade union colleagues insist that the government is asking sacrifices of the labor movement in exchange for an "uncertain adventure." They further claim that the government budget for 1979 will lead to more profits

and more unemployment: "The man in the street will have to pay." Moreover, they are not too impressed by "Estimate '81," which they characterize as vague and incomplete.

But while conceding that Dutch industry is in difficulties, the unions have said they wish to deal with industry on a sector-by-sector basis during the pay negotiations. As an Economic Affairs Ministry expert said, they realize some industries are doing less well than others.

The metal industry has traditionally been the pacesetter for others. And Dutch shipbuilding, while doing reasonably well, has experienced the same malaise as other European shipbuilding industries, especially those of France and Ger-

many. It is the government's assessment that the trade unions are prepared to ask for less in such sectors, but how much less is not known at the moment. Even so, it is doubtful whether the union figure would be acceptable to employers in these sectors.

One possible formula for the negotiations that both employers and unions are considering is an average settlement that will give an increase equivalent to 1979's expected inflation rate, plus an additional 1.5 percent through tax and social security rebates. If this is agreed upon, it would prevent any decline in real earnings — but no more than that.

But will the unions accept such a formula if, as the central planning bureau thinks, there will be a rise in unemployment? At the moment, unemployment is running at 205,000, and this the unions regard as unacceptably high. Next year's forecasts show it could rise to 215,000. The main victims of this rise will be school-leavers and, increasingly, women who are making growing demands on the job market at a time when companies need fewer people.

There is some irony in this be-

cause there are still a large number of job openings in the Netherlands — an average of 80,000 are permanently on offer. Such vacancies are mainly to be found in the service industry, particularly in construction, which is desperately short of traditional craftsmen.

Also, actual unemployment in the Netherlands is rising more rapidly than registered unemployment. This may be the explanation, say experts, why wage drift is at an historically low level — between 1 percent and 1.5 percent. But it is not clear what, if anything, the government can do in the short term to correct a labor market that has both acute shortages and surpluses.

All this is unhappy news for the Netherlands. If there is to be only a slight upturn in world trade in the coming 12 months, if wages are not held, if profits continue to be squeezed, if the guilder continues at its present strength, no one can be sanguine about the nation's medium-term economic prospects. While there is common ground between government, employers and unions, unless this consensus holds and is translated into action, the reputation of the Netherlands as a trading nation could suffer. —D.H.

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The World's Busiest Port Faces New Competition

ROTTERDAM (IHT) — If this city sneezes, it is said, the rest of the country catches a cold, and this bluff, industrious place has had its share of economic discomfort during the past few years.

It is still the busiest port in the world, and its Europoort serves an area much greater than the Netherlands alone. More than 60 percent of the 272 million tons of freight landed here have had destinations outside the Netherlands, especially in the Federal Republic of Germany.

But the heady days of expansion it enjoyed during the 1960s, when Rotterdam so confidently overtook the Port of London, are now over. They were rudely interrupted by the Arab oil embargo, and many of the almost extravagant industrial facilities that sprang up here in the last decade are now the subject of drastic rationalization and reorganization. This is particularly true of the chemical industry.

The Port Authority admits it is unlikely that Rotterdam will ever again achieve annual growth rates of 10 percent, which peaked five years ago with a record of 310 million tons. The authority is also concerned — irritated might be a better word because the port's primacy is now being seriously challenged — by the growing muscle of Antwerp as a deep-water port and some strong competition being mounted by both Brest and Le Havre. But none of these can challenge the immense geographic advantage Rotterdam has of being on the Rhine, making it, literally, the gateway to West Germany.

World Trade Center

A strong indication of this port's continuing confidence was the opening last summer of a World Trade Center that is already proving a success. This new center is a member of the World Trade Cen-

ters Assn., headquartered in New York. Such an establishment has long been overdue here: For the foreign businessman it gives a focus to one of the most densely industrialized areas in Europe and also to the nation as a whole. Also, as city officials indicate with pride, it steals a march on Amsterdam — no small consideration in the continuing rivalry between the two cities.

One of the motives behind the center is to encourage diversification in the Europoort complex. More than half the port's activity has to do with oil and that, officials say, is too much. Other activities need to be encouraged because, even now, most of the port's oil refineries are working on little more than 60 percent of their capacity. So the city is looking to improve its trade and distribution function in other products and to this end is touting worldwide for manufacturing and service industry investment in the area. A high level delegation

of port and city officials has just returned from Japan, for example, where they were selling the virtues of Rotterdam as an ideal European base for Japanese companies.

Rationalization

While there has been a falling off in some cargo handling and the ancillary industries associated with oil imports, there has been some consolation for Rotterdamers in the growth of container traffic in recent years. Seven years ago the port dealt with 240,000 containers. The total expected for this year and also 1979 is estimated to be in excess of one million annually. Port officials seem confident that even these figures can be improved upon. Already plans are being discussed to open new container facilities, that is, a third terminal, at Maasvlakte.

Meanwhile, the rationalization of the country's shipbuilding industry — based on a plan that could re-

duce by 50 percent the Netherlands' shipbuilding capacity — continues on its painful way. It has hit yards in Amsterdam particularly hard, but here again Rotterdam has shown some resilience through the ship repair business. In the past the Dutch have been responsible for up to one-third of European ship repairs.

Experts believe there can be no expansion in Amsterdam of the ship repair yards. It would be better, they think, providing costs can be contained, to concentrate this business in Rotterdam, if only for the reason that many more ships pass through this port than through its rival's. In the long term, ship repair, rather than shipbuilding, seems to be a better bet for the Dutch and especially for Rotterdam. But this will not be easy because rival repairers elsewhere, such as in Portugal, have no difficulty in undercutting the Dutch. —D.H.

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JAN 1979



A Net Energy Exporter Looks to Future Oil Dependence

efits

THE HAGUE (IHT) — The Netherlands, together with Norway, remains the only nation in the Organization for Economic Cooperation and Development (OECD) that is a net energy exporter, and it is likely to remain so until at least the end of the decade, and possibly longer. What happens after that — in particular, the export of natural gas — is a matter of growing concern.

With decreasing stocks of gas in the short run, the Netherlands will be forced to import a greater dependence on oil during the next 10 years at a time when political and economic conditions would suggest a lessening of its reliance. Currently more than half the nation's energy needs are supplied by natural gas, so, for the moment, the country remains a gas-based economy. Some 50 percent of the nation's natural gas is exported to the United Kingdom, Belgium, France and Italy (plus Switzerland), in order of magnitude.

In the circumstances of a decline in the gas reserves of the Groningen field and the need to maximize the advantage of what remains, it is no surprise that the Dutch have introduced a stringent domestic marketing policy — part of which is high price policy — and have put stop to any new export contracts. Smaller fields, both on and offshore, now are being exploited, and such reserves are be-

coming steadily more economic as the overall stock of gas declines.

Oil covers nearly 40 percent of the nation's energy needs, but in the next few years this will grow to approximately 60 percent. This is quite contrary to the thrust of OECD as well as Common Market policies, an expert at the Ministry of Financial Affairs admits. "It is a far-from-ideal position."

Yet it is inevitable. The Netherlands has no coal deposits to speak of — at least coal fields that could still be commercially exploitable — and there have been no significant oil finds on the Dutch continental shelf as yet. Coal imports will, therefore, also increase.

What about nuclear energy? The whole issue of nuclear power has become intensely politicized here, as elsewhere. The Van Agt coalition has temporized. Sensing the public mood, it has promised there will be no decision during its term of office about the nation's long-term nuclear policy. This is a matter for the next administration, it has said with visible relief. In the meantime it has promoted public discussion about nuclear energy as a preparation for decision later.

But if no decision is to be made about the Dutch nuclear future — if any — until 1981 at the earliest, there can be no increase in the nation's nuclear capacity before 1990 because construction of such a plant can take up to nine years to complete. The present government is in favor of what it calls a "modest, careful extension of nuclear power generation" — once the problems of nuclear safety and the disposal of nuclear waste are resolved. But such a statement begs all the questions: In such a densely populated country as the Netherlands, the nuclear issue may be uniquely difficult for a left or right coalition to solve.

Conservation

For all these reasons plus the fact that the trauma of the Arab oil embargo has never been entirely dissipated, energy conservation is a major priority. The conservation program here has not been an unqualified success, but surveys show it has had some effect, not least in keeping alive the public awareness of energy shortages.

The fifth International Energy Conference held this fall was presented with a paper itemizing Dutch conservation policy which, in addition to extensive publicity campaigns, consists of a large program for insulation that is being achieved through mandatory building codes and government subsidies. There is also a campaign for industrial conservation backed up by subsidies for consulting and conservation investment.

During the next two years the equivalent of almost \$200 million will be available from government funds to give this conservation program some bite. Furthermore, the government is preparing special tax incentives for investment in energy conservation. In the last survey of its members, the International Energy Agency said the Dutch conservation program was the most successful of those that were studied.

Conservation

Wrong Reason

"These conservation measures represent the main way in which the Netherlands can have an effective energy program," an official at the Ministry of Economic Affairs says. He points out that the conservation program is for the moment relatively successful, but perhaps for the wrong reason. Because of the nation's economic difficulties, which are intimately bound up with similar problems throughout the



A gas storage tank in the Netherlands.

Common Market member nations, energy consumption in the Netherlands is hardly growing at all. The ideal would be to achieve a buoyant economic performance and fulfill at the same time stringent conservation standards. But the sluggish economy, combined with the government's high pricing policy, is undoubtedly having an impact on conservation. Also there is something in the Dutch character that responds to appeals for thrift. The government insists that these days energy is *kasbaar*, a Dutch term meaning both precious and expensive, and this seems to have struck a responsive chord in the public.

For the time being the Dutch energy position is not altogether unfavorable. After all, the nation is still a net exporter of energy, even though the end of this bonanza is in sight it will continue to keep the Dutch comfortable for a while. Some energy experts even dispute the government's estimates about how much longer the gas reserves can last. They point out that the government has been wrong in the past, having estimated there was less gas than later proved to be the case. Whether or not this is true, it is an attitude that does not seriously undermine the government's strategy for more conservation and higher prices.

Meanwhile, the Dutch are diplomatically active in promoting international energy cooperation through the IEA and also the Common Market. They are disappointed that their efforts have not had a greater response, but they will persist.

—D.H.

Chemicals Fighting Costs, Uncertainty

ROTTERDAM (IHT) — The chemical industry is going through a period of retrenchment. It is not as rosy as government predictions suggested 12 months ago.

Nonetheless, there are signs that the industry's profitability will be restored this year and there are hopes that earnings in 1979 will be substantially improved.

The industry's disappointment with Akzo losses in man-made fibers for the third year running — are in line with trends in the indus-

try elsewhere in Western Europe. The trough reflects the general recession in Common Market countries.

Like other industries in this country, chemicals are fighting increased costs, uncertainty in traditional markets and also the depreciation of other currencies against the guilder. In addition, the Dutch are aware of over-capacity in their chemical industry and so are selling off parts of it or sharply reducing activities in certain sectors.

There is a running dispute be-

tween the government and the Chemical Industry Federation (NVCI) about the possibility of growth over the next few years. The government seems to be much more sanguine than the industry leaders. But there may be some tactics in this. The industry is upset about the difference in rates for natural gas and electricity in the Netherlands which, it claims, favors the foreign chemical producers.

Further, basic and specialty chemicals are still under strong

price competition from similar U.S. products and also from Eastern bloc chemical industries. Revenues from exports were depressed during the first nine months of this year by the weak U.S. dollar, Akzo states. A consequence has been a continuing reduction in the work strength of Akzo. Since January, the payroll has been reduced by 1,400 to fewer than 83,000 workers. "A very modest net profit" is the company's prediction for its 1978 performance.

To help the industry the government has given it additional investment premiums — in particular to help its research efforts on environmental controls. The industry is coming under increasing fire from environmental lobbyists, and while it has not been negligent in the past, the political climate gives the industry much less room for maneuver than it previously enjoyed.

Restructuring

The fact is that nearly 30 percent of all Dutch investment in domestic industry is in the chemical sector. The Ministry of Economic Affairs believes that even this high percentage will grow in the next two years. If this is the case, it will be difficult for the industry to claim it has no growth potential.

Together with the steel and furniture industries, chemical fiber manufacturers have received some \$273 million from the government for restructuring — a formidable sum, given that the Dutch economy failed to recover as much as experts had predicted a year ago. In the longer run the industry's prospects are good, despite its present difficulties.

—D.H.

Electronics: Looking Relatively Bright

tion

EINDHOVEN (IHT) — When the Dutch electronics industry is discussed, in most minds it conjures up the company that all over the world has become synonymous with such products, Philips. It is hard to disagree to say that here there is at least a bright spot in the gloom of the Netherlands' economy. And so it is, relatively speaking. Nonetheless, the company is suffering from the same malaise that many smaller enterprises in other Dutch industries have caught.

The company characterizes the development of the Dutch economy in the past 12 months as "hesitant and irregular," and its own fortunes in the same period have not been much better. There has been a slowdown in sales — especially in territory where the company has always done well, namely, West Germany and Sweden. To some extent this has been compensated for by increases in the United States and Canada.

Philips officials complain, too, about rising costs and increased pressure on selling prices. This is true to the extent that they predict profitability this year will fall at a minimum. Nor is it certain its position will be much improved in 1979. There is another cause for concern as well: A company such as Philips must keep up its research and development effort if it is not to encounter long-term problems. Sales increased last year by 7.7 percent (in volume terms) and it is expected that they will remain about the same this year. But this is not enough to allow the company to fully utilize its capacity. The result is by now familiar: There are more cutbacks. The company is trying to achieve what it can by attrition, but unless there is a significant — and unexpected — upturn, a modest reduction in the workforce seems inevitable.

At the same time, the company's expenditure on property purchases has been much higher this year than in the recent past. A lighting plant has been established and a new laboratory devoted to defense work is being built in the northern part of the country. Like other peace-loving Dutch industries, electronics seems to be poised to make some significant progress in the medium term. Computers and allied equipment, electronic components, instrumentation and control equipment all hold the promise of dynamic sales during the next few years, provided such products can

be sold competitively, which is by no means certain.

Many experts feel that what the Netherlands needs in order to free itself from its present economic straitjacket is to find new sources of income to replace some of the traditional ones like textiles, which are failing. The high-technology area seems to offer the best bet. The micro-electronic revolution has yet to come but cannot be long delayed. A pioneering effort in this field would be invaluable to the Dutch because so many of the nation's exports are being aimed at markets suffering a worldwide decline, such as steel and petroleum derivatives — to say nothing of shipping.

Meanwhile, Philips is continuing to market abroad some of the more established aspects of its expertise. Together with the Ericson Co., it has just secured a \$7 million order to build a telephone system in Saudi Arabia. Work on this will start next year.

—D.H.

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Stock Market: Private Investors Play a Major Role

By Darrell Delamaide

AMSTERDAM (IHT) — While France and Germany are taking measures to encourage greater stock-market interest among the public, private investors in the Netherlands continue to play a major role in the Dutch stock market.

In fact, says H. Bleekrode, general manager of the securities department at Amsterdam-Rotterdam Bank, this year has seen something of a comeback to equities among private investors.

"Private investors have been taking a greater interest this year since yields improved," Mr. Bleekrode commented. OECD (Organization for Economic Cooperation and Development) statistics show that in the first part of the year, dividend yields on the Dutch international funds often topped the return on long-term government bonds.

Mr. Bleekrode added that the decline of the dollar encouraged Dutch, as well as German and Swiss, investors to focus greater attention on the Amsterdam market. The investing public in the Netherlands was further encouraged by the September announcement of the 1979 central government budget, which aimed to improve corporate profit margins.

"Private people are still pretty important in the Dutch market," agrees August van Oostveen, managing director of the Robeco investment company. But he notes that institutional investors, pension funds and insurance companies, which handle much of the private savings, are not very active in stock trading.

At any rate, buying interest propelled the ANP-CBS General Index to a September peak of 100.8, up 16 percent from end-1977 (\$6.7). The October correction wiped out most of this gain in the index, but some sectors — notably banking and insurance — maintained good gains despite the October decline.

Both Sectors

Analysts are united in recommending both sectors for continued investment. The index of banking shares was up 14 percent through October (against end-1977), following a gain of 10.5 percent last year. Insurance shares were up 11 percent, following 1977's 22.8 percent gain. Mr. van Oostveen notes that the earnings prospects for these

sectors promise continued increase in prices.

The multinationals — Royal Dutch, Unilever, Philips, Akzo and Hoogovens — have not performed so well and were off a net 1.5 percent at the end of October. Still, the group, which accounts for two-fifths of the stock market's capitalization and one-fourth to one-third of the turnover, weighs heavily in the market's overall performance. Analysts continue to view the three paying dividends — Royal Dutch, Unilever, Philips — as blue chip investments.

Mr. Bleekrode, cautioning that

much depends on the behavior of the dollar and the New York Stock Exchange, sees a possible overall stock market gain of 10-15 percent from October levels in the short term.

A unique feature of the Dutch stock market is the strong position of the Robeco companies. The three funds — the Robeco and Robeco international equity funds and the Robeco international bond fund — command total net assets of 9.3 billion guilders, according to the latest published reports.

Unlike most mutual funds, certificates of the Robeco funds are not

offered through a selling organization but listed and traded on stock exchanges like ordinary shares. The only difference is that the price is not determined by supply and demand but maintained at net asset value per share by Robeco through issue or repurchase of shares on the market.

Statistics from the Amsterdam Stock Exchange show that in October the investment companies (practically identical with the Robeco funds) represented 7.9 billion guilders in market value or 15 percent of the market's total value. The three funds together represent-

ed 27 percent of total share turnover in October. Robeco, the bond fund, ranked behind Royal Dutch alone in turnover, while Robeco and Robeco ranked fifth and sixth respectively. Robeco topped the turnover list for the first half of this year.

Suffered

The Dutch market for fixed-interest securities has suffered from a combination of circumstances. Martijn Hes, chief economist at Pierson, Heldring & Pierson, explained that a number of causes have led to a sharp rise in long-term rates since the beginning of the summer.

Recurrent bouts of currency unrest pushed up money market rates. Restrictions on bank lending encouraged financial institutions to tap the capital market more frequently because lending refinancing there does not fall under the government limitation. Meanwhile, mortgage demand was very strong (obligations issued by mortgage banks in the first half of this year were equal to the amount for all of 1977). Finally, continued high government borrowing (the deficit of the central government this year is likely to reach 13.6 billion guilders) strained market capacity, even though most of the government money is raised through private placements.

Another factor was extraneous, but also important, Mr. Hes added: Uncertainty about the strength of the guilder kept Swiss and German investors, normally a big source of capital for the Dutch bond market, from buying Dutch bonds.

The central bank's discount rate, cut a half point to 4 percent in April, was boosted again to 4.5 percent in July. Increased turbulence in the foreign-exchange markets led to a one-point boost in September and to another in October, bringing the discount rate to 6.5 percent. Long-term yields showed a parallel development, rising from 7.27 percent in April to 7.78 percent in August, and shooting up to 8.21 percent in October. Strong response to the government's 8.5-percent 15-year issue in late October indicated some stabilization in the wake of the guilder's devaluation within a currency snake.

Still, as Mr. Hes noted, many of the constraints on the market remain — further uncertainty regarding the guilder, continued high government deficit (16.2 billion guilders budgeted for next year) and strong demand from financial institutions.

Options Exchange a 'Eurolop?'

AMSTERDAM (IHT) — The European Options Exchange has been disappointing in its development. EOE officials concede that the volume and quality of options trading in the first half-year have not measured up to expectations, and press commentators are beginning to write of "Eurolops."

But with nearly four years of planning and more than 12 million guilders invested in the venture, EOE officials and their backers in the Amsterdam Stock Exchange are hardly ready to throw in the towel. Nor are the imported American experts, despite their palpable frustration with the sluggish development of the market, ready to go home just yet.

Michael Jenkins, managing director of the EOE's clearing corporation, said the exchange is considering several measures to cope with the various hindrances options trading has met. A major difficulty has been the reluctance of investors and even marketmakers to trade options in a vacuum — that is, when there is no price development in the underlying shares. And so the exchange is mulling the possibility of breaking the trading day into several sessions. An early morning session, for instance,

might overlap with afternoon trading in Hong Kong (negotiations are underway to list options in Hong Kong shares). A midday session would parallel trading in the European stock exchanges and an evening session would overlap with New York trading.

The exchange has several other plans afoot to bring more life into the venture. Negotiations are near completion to list the first three French classes. Two London jobbing firms have joined as members, which may help alleviate the difficulties in obtaining price information and even stock out of London.

'Put' Options

Meanwhile, the EOE is mounting a new effort to educate the investing public to options trading. Other possible stimuli are the early introduction of "put" options (an option to sell) along with the present "call" options (an option to buy) and, eventually, registration with the U.S. Securities and Exchange Commission to make Amsterdam options on U.S. shares fungible with their U.S. counterparts.

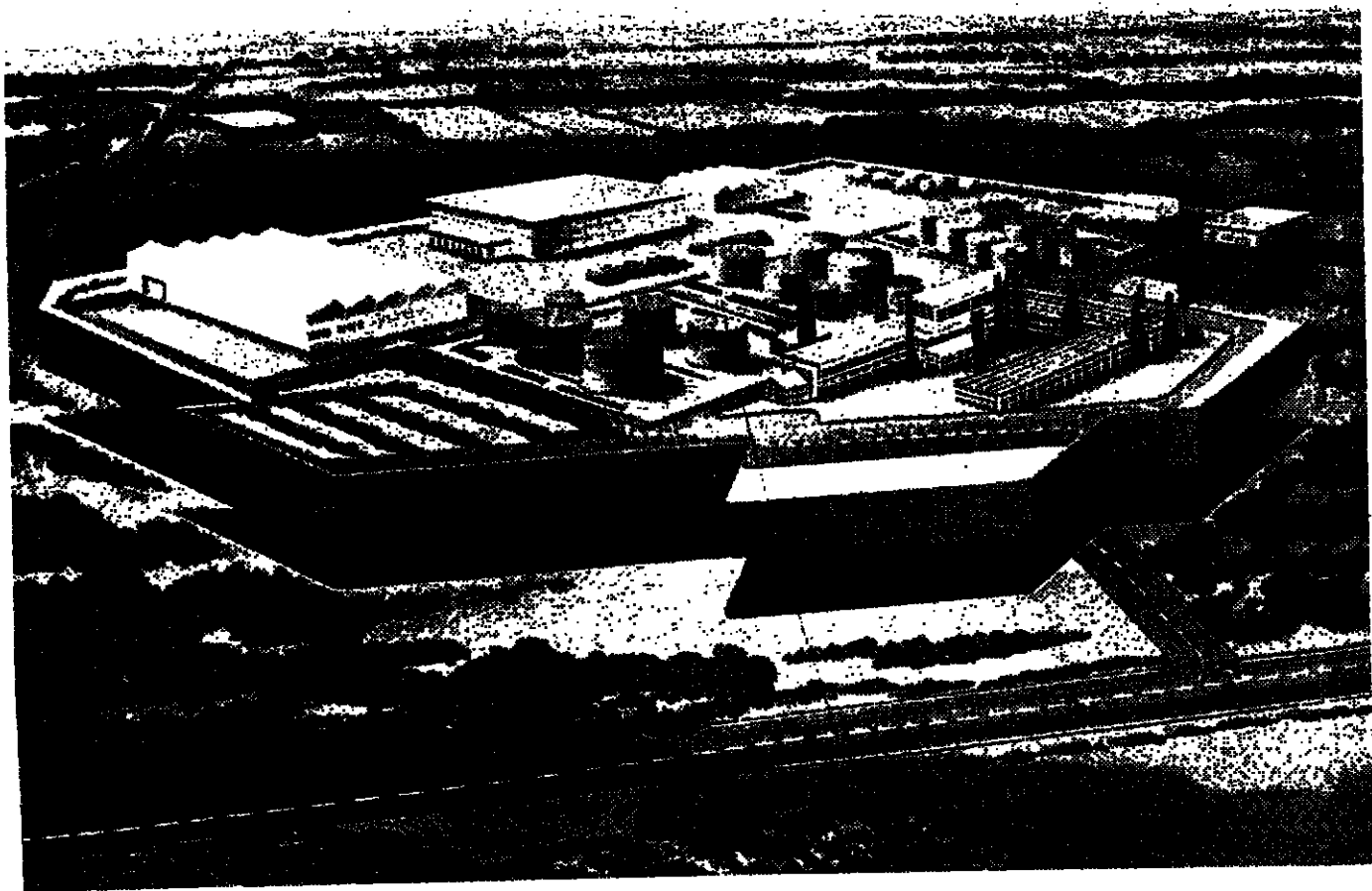
Exchange officials are also trying to find some weak point to breach the strong wall of German resistance to the whole idea of a second-

ary market in options. The German banks have been the major European holdouts.

Trading so far has fallen far short of even the modest hopes of the Dutch officials, let alone the considerably more ambitious expectations of the American participants. Daily trading volume has averaged just over 1,000 contracts a day since the EOE opening in April, far short of the 4,000 a day the clearing corporation needs to break even and the 6,000-7,000 the exchange expected to reach by the end of its first year. Trading in the three Dutch options (B.Y., General Electric and ICI) has virtually ceased and volume in 12 U.S. classes has been very low, focusing on IBM and Eastman Kodak. And so 85 percent of the contracts so far have been in the nine Dutch options — 50 percent in KLM and Philips alone.

Of consolation, notes Mr. Jenkins is that the system itself, patterned closely on the Chicago Board Options Exchange, has functioned practically flawlessly — and it should give the EOE a definite advantage in the event secondary options trading finally does catch with European investors.

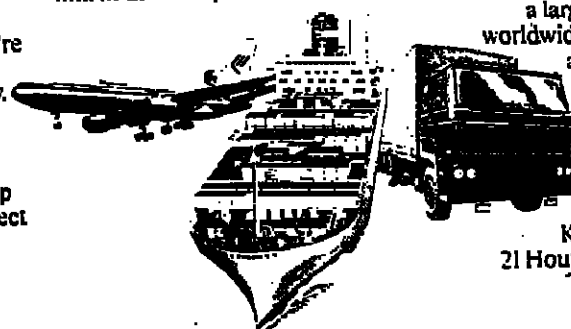
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Rembrandt, 'Self-portrait' (1631), Rijksmuseum, Amsterdam.

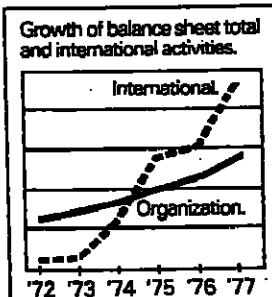
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Role Banking: A Wide Range of Strategies for Expansion Abroad

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ber Rome. A
Netherlands' leading banks
for a practically identical range of
domestic services from savings ac-
counts to package tours — but their
strategies for international expan-
sion are as varied as the institutions
themselves.

Suffered
Centrale Rabobank, the coun-
try's largest bank in terms of dep-
osits with more than 3,000 domestic
branches in the cooperative bank-
ing network but no foreign branch-
ing as yet, has a different set of
priorities than Algemeene Bank
Nederland (ABN), the largest
Dutch bank in terms of total assets
with more than 200 foreign branch-

es in Amsterdam-Rotterdam Bank
up more money), the strongest commercial
banking institution domestically.
Financial markets in London on the top of its list for
international expansion but is
concentrated largely in the United States
and the Netherlands. The Dutch desk of
ABN's Amsterdam-Rotterdam Bank, Ned-
erland, is a very important branch, up-
graded its half of the new York office to a branch in No-
rth America, but feels that the Euro-mar-
ket, comprising business transacted by most
foreign banks in London can be
practically as well from
Amsterdam.

What their strategies have in
common is that each institution is self-con-
sciously capitalizing on its
national strengths. They also share
the basic premise that international
expansion is absolutely necessary
about the only for continued growth but
must preserve their respective posi-
tions in the Netherlands.
The Dutch experience in this re-
spect is not unique. The period of postwar
reconstruction has yielded to a
prosperity increasingly dependent
on trade and foreign investment for
growth.
The leading banks have grown
with the economy, and a series of
mergers has built the four large
banks. Growth through merger has
pushed its practical limits, and the
banks will have to follow their cus-
tomers abroad to keep any sort of
momentum.

Incentive

Further incentive is provided by
the state in the form of foreign bank se-
curity in the Netherlands, which is
the only one in this regard.
The incentive is a threat to domestic expan-
sion. The plan to merge the postal
bank and savings operations into a
national bank with expanded busi-
ness opportunities.

Although currency distortions
make it difficult to evaluate the in-
ternational standing of banks, the
three banks — ABN, Amro
and Rabobank — are nearing bal-
ance sheet volumes of 70 billion
Dutch guilders (\$35 billion) and so
rank loosely in size with the Swiss
banks or even the British clearing
banks.

Size is not everything, though.
The Swiss banks obviously have
superiority in international deal-
ings regardless of the bottom line.
It's what I call the San Marino
syndrome," says R. Hazellhoff, ABN
managing board member in charge
foreign operations, referring to

the tiny republic in Italy. "It's not
enough to be the biggest bank in a
country, if that country is small."

A bank's effectiveness interna-
tionally, Mr. Hazellhoff continues,
depends on its connections and
growth outside the home country.

A Heritage

ABN's dense network of foreign
branches and subsidiaries is largely
a heritage from the Netherlands
Trading Society (NTS), a colonial
banking institution founded in
1824. ABN came into existence
when the NTS merged in 1964 with
De Twentsche Bank, a leading provin-
cial bank. The bank's interna-
tional orientation was strengthened
in 1965 with the acquisition of Hol-
landsche Bank-Uitje (with a South
American branch network) and
again in 1975 through merger with
Bank Mees & Hope, a merchant
bank. The bank began geographical
diversification after the First World
War (into Africa and the Middle
East) and has continued with its ac-
tive branching policy.

Mr. Hazellhoff remarked that a
large existing network practically
grows of itself because a new
branch plugs in immediately to an
extensive trading network. "We
collect at both ends of the trade —
an opening commission in the ex-
porting country and negotiating
commission in the importing
country."

Moreover, handling trade finan-
cing for Dutch companies brings the
bank into contact with potential
new customers. A U.S. company in
Houston, for instance, might be
happy to use the ABN facilities for
trade with Saudi Arabia, since
ABN established its first branch in
Saudi Arabia in 1924 and has a
strong competitive edge in the
country. (ABN's branches last year
were situated in Albani, Aland, Al-
Andalusi, a new corporation in
which ABN has a 40-percent share
and a management contract.)
"Our growth is evolutionary,"
comments Mr. Hazellhoff. "We are
growing in our 'traditional areas,'
Asia and the Middle East, and ex-
panding in Western Europe and
North America."

Branches

In the United States, for
instance, ABN has branches in
New York, Chicago, Los Angeles,
San Francisco, Houston and Atlan-
ta, and there are plans to open up
in Pittsburgh. In August, ABN an-
nounced its intention to acquire
LaSalle National Bank of Chicago.
"Illinois is a state with considerable
industrial activity and fairly great
export potential," said Mr. Hazell-
hoff, explaining ABN's interest in
the Chicago bank. "This has been
exploited by the big companies
there, but we hope to awaken inter-
est in LaSalle's medium-sized cus-
tomers in finding markets abroad."

Foreign operations now account
for 35-40 percent of ABN's earn-
ings, Mr. Hazellhoff estimates, and
international business altogether
accounts for substantially more
than 50 percent. Mr. Hazellhoff
noted that the bank also has been
working to increase its Euro-market
business. Long active in the roll-

*What their strategies have in common is that each institution is self-con-
sciously capitalizing on its historical strengths. They also share the premise
that international expansion is necessary not only for continued growth but
to preserve their respective positions in the Netherlands.*

over credit market, ABN has con-
centrated in the past two years on
developing its placing capacity for
international bonds. "We wanted
to have the distribution capacity
before going after more business,"
Mr. Hazellhoff said. In fact, ABN
overtook Amro in the Institutional
Investor's management league ta-
bles for the first half of 1978,
reversing last year's standing. "But
ranking is really a matter of luck,
too," conceded Mr. Hazellhoff. "It
depends on whose borrowers come
to the market."

Amro Bank, for its part, has been
working to increase its share of the
syndicated loan market interna-
tionally, says K. Streestra, who is
joint general manager of the inter-
national department.

Headquarters

"It's no longer feasible to imitate
ABN with a foreign branch
network," explains Mr. Streestra.
"We're trying to improve and
strengthen headquarters capacities
for those regions where we cannot
set up branches, while carefully se-
lecting new branch sites."

Mr. Streestra lists the main cri-
teria for these locations: concentra-
tion of Dutch clients, international
payments traffic, significance as a
financial center, underwriting and
placement opportunities and
growth of the country's economy.
A basic requirement, Mr. Stree-
stra adds, is political stability. Thus,
while Nigeria fulfills Amro's main
requirements, the bank has decided
against putting a branch there be-
cause of the political situation.
Amro established a branch in Lon-
don in July of last year and another
in Dubai last April. The Tokyo of-
fice will be upgraded to a branch in
the first half of next year. Amro is
serutinizing some European capi-
tals and examining as well a possi-
ble move to the Ruhr area in Ger-
many, where many Amro clients
have strong ties.

"It's very tempting to join the
bandwagon," comments Mr.
Streestra. "But we try to avoid
that." He recalls that the two banks
— Amsterdamsche and Rotter-
damsche — which merged in 1964
to form Amro were both inward-
looking institutions traditionally re-
lying on correspondent banks for
international transactions. Amro
joined the European Banking Co-
operation (EBC) group when it was formed
in the mid-60s to anticipate Euro-
pean cooperation. Like many of its
EBC partners, Amro was content

to rely on this consortium and its
joint ventures until the financial
dislocations of 1973-74 and the
growth of the Euro-market made it
clear that a "double strategy" —
EBC cooperation and a branch
network abroad — were needed.

Frequent Travel

Mr. Streestra adds that Amro's
participation in EBC's U.S. ven-
ture, European-American, com-
bined with frequent travel from
Amsterdam, is adequate for the
bank's intentions in the United
States. "A branch in New York re-
ally is too much for a small econ-
omy like ours," he comments. He
notes, however, that Amro's mer-
chant banking subsidiary, Pierson
Heldring & Pierson, participates in
a New York underwriting house
and has several other foreign affil-
iations.

Both of these older commercial
banks are watching with interest,
and some surprise, the expansion of
Centrale Rabobank, which came

into existence in 1972 through the
merger of the two cooperative
banking associations based in
Utrecht and Eindhoven. Rabobank
is an organization comprising 1,000
independent cooperative banks
with a network of 3,100 branches.
The organization had a combined
balance sheet volume of 67.8 bil-
lion guilders at end-July, compared
with 61.4 billion at end-1977 and
just 15 billion 10 years ago. Cen-
trale Rabobank is liquidity man-
ager for the group, administering
about 30 percent of the combined
assets. It also handles international
payments and transactions for the
group. Because of the weak posi-
tion of the Dutch savings banks,
Rabobank commands more than
40 percent of savings deposits. It
practically monopolizes agricul-
tural lending with a 90-percent share,
but this credit activity in turn
makes up only 27 percent of its bal-
ance sheet. It has a 30-percent
share of the booming mortgage
market and is banker to many

small and medium-sized industrial
companies.

"Our aim is not to become an in-
ternational bank, but as a leading
national bank to provide complete
international service to our custom-
ers," says G.J.M. Vlak, executive
board member in Utrecht for inter-
national business.

Mergers

Mr. Vlak notes that the frequent
mergers in the commercial bank-
ing sector have enabled Rabobank
to broaden its customer base, as many
industrial customers have been
forced by the concentration to seek
a new second banking connection.
For these new customers as well as
the traditional agricultural custom-
ers, Mr. Vlak says, Rabobank has
to be active internationally.

A major step in this effort was
the formation last year of the Uni-
co Banking group by Rabobank
and its cooperative banking coun-
terparts in five other European coun-
tries. An Amsterdam secretariat is

to coordinate the international ac-
tivities of these often-potent insti-
tutions. The same banks set up a
London merchant bank, London
and Continental Bankers Ltd., in
1973, as well as a Zurich banking
subsidiary.

Rabobank took the first step in
setting up its own network with the
establishment this year of the obli-
gatory Curacao subsidiary. Mr.
Vlak said the group intends to de-
cide early next year where to open
up a U.S. branch. The possibility
that the bank may give Chicago
preference over New York illus-
trates its special considerations.
"To give an example of our interna-
tional requirements, let's take the
example of dairy farming, a major
Dutch industry," explains Mr.
Vlak. "We have the cows to pro-
duce the milk, but we have to im-
port practically all of the cattle
feed, and we export 80 percent of
the dairy products."

In this light, a branch in the Mid-
dle East might be of limited use for
Rabobank — although the group
hopes to be active in export of agri-
business products and technology
to this region — but a presence in
the Asian dollar market, in Singa-
pore or Hong Kong, would be
important.

Expertise

Rabobank is also gradually
building up its Euro-market
expertise. The aim here, explains
Mr. Vlak, is to gain an entree to
countries where bank customers
can hope to do a lot of business.
Rabobank participation in recent
Eurocredits to Algeria and Austr-
lia are examples of this strategy.
Further momentum is expected

next year with the arrival of former
Dutch Finance Minister Wim
Duisenberg, who will make up a
three-man presidium in the execu-
tive board with current chairman
P.J. Lardinois, the former Europe-
an Economic Community agricul-
ture commissioner, and Vice Chair-
man F.P.J. Bakx.

NMB, founded in 1927 as a gov-
ernment lending agency for small
industry (the government share has
fallen to less than one-fourth), is
the smallest of the major banks, but
the only one not to benefit from a
merger. Nonetheless, its growth has
been the most dramatic. Balance
sheet volume by the end of last year
reached 27.3 billion guilders, com-
pared with 4.3 billion 10 years ago.
At the half-year mark this year, as-
sets topped 30 billion guilders.

A part of the Inter-Alpha group,
NMB benefits from group subsidi-
aries in Hong Kong and Singapore.
General Manager A. Dijkman ex-
plains that the bank gave prefer-
ence to New York for its own first
branch abroad (excluding Curacao)
because the market there is so big
and so important to the Nether-
lands and Europe. The time differ-
ence and the distance, he adds,
make U.S. business difficult to con-
duct from the Netherlands. The
United States is important because
it is drawing so many Dutch com-
panies — including the traditional
clientele of NMB, many of whom
have gotten to be quite large. Mr.
Dijkman adds with a smile that,
like foreign banks coming to the
Netherlands, NMB only "intends"
to service its Dutch customers.
"But we won't say no to any busi-
ness that comes our way," he adds.

—D.D.

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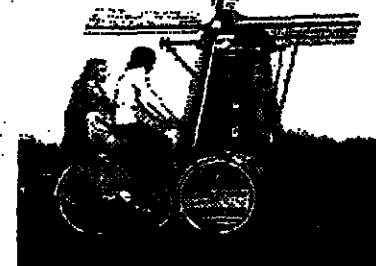
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back on!



SAY FAREWELL TO A FAIR CITY, BUT SWEETEN THE SORROW OF PARTING

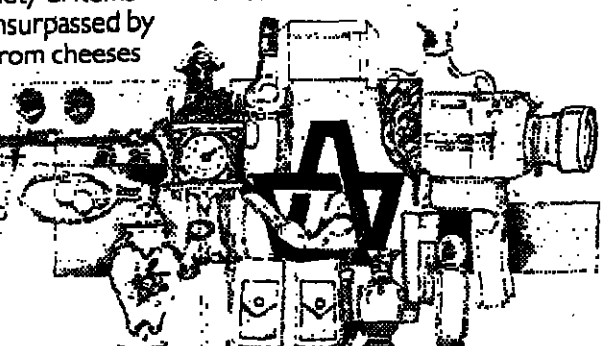
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Van Agt: Ending Unemployment Is 'Highest Priority'

(Continued from Page 1)

Finally, increasing interest abroad in Dutch securities is a clear indication that international investors subscribe equally little to the analysis implied in your question.

To conclude, therefore, it can be said that the strength of our economy is evident not only from statistical comparisons with other countries but also from the confidence placed abroad in our economic policy.

Moving on to the second problem referred to in your question, I assume that what is being alluded to here is the necessity of anticipating economic developments in the medium term, when the yield from natural gas begins to diminish. In this respect I should like to refer you to the government's policy intentions as set out in the memorandum *Besluit '81* ("Estimate '81").

The medium-term goal of this policy is to restore profitability and to limit price increases to around 2½ percent per year. For this purpose, the burden of taxes and social security contributions will be stabilized as much as possible during the next few years, and there will be only very limited scope for further growth of disposable income in real terms.

There is no question of devaluing the guilder. In an open, indexed economy like ours this would produce all the disadvantages of higher inflation, while doing little to improve our competitive position and foreign trade. As the president of the Bank of the Netherlands said recently, "There must and shall be no tampering with the guilder and thus with the inflation rate."

Q. — Do you think this nation could follow Austria's example and totally reject nuclear power?

A. — It became evident from the Austrian referendum that there is a quite considerable divergence of views in that country about whether or not it is necessary to use nuclear energy. Those opposing such a course only narrowly outnumbered those in favor. Nuclear energy is a controversial issue in the Netherlands as well, but since for the time being we still have substantial reserves of natural gas, its rejection need not have any serious consequences in the short term. I might also point out that the main reason for this rejection is the lack of a satisfactory solution to the problem of storing nuclear waste.

Discussion in the Netherlands is now centered on the construction of nuclear power plants in the 1980s, so it is not really a short-term issue; in making our decision we must take account of what our energy situation will be at the end of the century.

Q. — There is a high level of social welfare in the Netherlands. What social imperatives remain to be achieved?

A. — There is no such thing as a perfect system. Some suggestions have still to be complied with, such as a supplementary pension scheme for all employees (to supplement the state retirement pension), improvement of the position of married women with respect to the social security regulations, and a widowers' pension scheme.

But, as in many other Western countries, economic developments — characterized above all by a lower growth rate than was previously the case — have greatly limited the scope for any further extension of social security. There is virtually no scope at all for new schemes, and even within the existing system priorities must be established in order to keep the growth of expenditure within reasonable limits.

However, there is one element of social security, the absence of which is keenly felt: a set of instruments aimed at controlling and restricting the increasing degree to which people are forced against their will to depend on social security. Measures are being worked out to promote re-entry into the work force and to prevent people from having to leave it. This includes measures to regulate the labor market, the encouragement of training schemes for people temporarily out of work, and preventive measures. Social security has an active role to play here as well as providing purely financial assistance, and the government sees the bridging of this gap as the most important short-term objective.

Q. — What steps have you taken to defuse Moluccan unrest in this country?

A. — Let me say first of all that I regard the phrase "Moluccan unrest" as an exaggeration. It is always wrong to lump together all members of a particular minority group, and it is certainly wrong in the case of the Moluccans, many of whom have gained a position of respectability in our society. It is none the less a fact that a considerable number of them are pursuing political ideals which the Dutch

government, however much it may respect these ideals, cannot and may not help them to realize. As long as they are pursued in the right way we have of course no objection — we are fortunate enough to live in a free, democratic and very tolerant society. Unfortunately a small group of militant Moluccans have tried to call attention to their cause through extremist action, and this of course is where we have to draw the line.

What is most important here is that we should identify, and if possible remove, the causes of discontent among the Moluccans, so that they can feel at home in our society, even if it is to be no more than a temporary home for them. We believe that this can only be done if we begin by taking the identity and

wishes of the Moluccans seriously.

Then we should try to establish and maintain a dialogue with them on an equal footing — at both local and national level — about their position in our society and about all the day-to-day problems of education, housing, employment, etc. to which it can give rise. At the beginning of this year the government set out its intentions in a Statement of Policy, which was well received by Parliament. These proposals are now being translated into specific policy measures and draft legislation, regulating among other things, the organization of Moluccan participation in the policy to be pursued in their interest.

Q. — This country has a deserved reputation for liberalism

and a laissez-faire philosophy. You are against the sale of pornography and are opposed to abortion. Do you believe that the "moral pendulum" in the Netherlands is swinging back to more traditional values? If so, why?

A. — You precede your question with the observation that I am against the sale of pornography and opposed to abortion. It would be going too far if I were to reply to these two allegations in detail. But I should like to make it clear that they are two totally different issues. As far as pornography is concerned, this is a degradation of human dignity. With respect to abortion, the law must allow for this expedient in cases of real need. However, the legislators must ensure that a decision to carry out an operation of such a special character is taken, and the operation performed with the utmost care. The law must preclude any form of commercialism. The legislators should also make it clear that law and ethics are not one and the same thing; in other words, the fact that something is not an offense in law does not imply that it is always ethically acceptable as well.

Is the "moral pendulum" swinging back towards traditional values? I have the impression that it is, but it is always very difficult for someone living in the midst of a moral development in a particular period to judge.

Q. — When, as premier, you are to be remembered, for what would you like to be remembered most during your term of office?

A. — Should the historians of the future feel it worth their while to mention my name, I should like best to be described as a politician who always did his utmost to bridge social gaps. The slogan which my political group, the Christian Democratic Alliance, led in the last general election was "Joint responsibility."

Q. — Do you think it's true that the Netherlands has a role but has not yet found a voice? Or is it the other way around? Why?

A. — The Netherlands most certainly has a role to fulfill in the world, and this is what it is trying to do, to restrict myself to one example, though I hope a very striking one: For many years now this country has played a leading role in the endeavor to awaken a greater understanding of the needs of the Third World and to promote the efforts undertaken to relieve them.

Coalition Leader's Aim Is 'Joint Responsibility'

(Continued from Page 1)

an abortion and the actual operation. If it is not performed under these conditions, the abortion would be illegal.

To Be Continued

The debate about abortion has been going on between the Christian Democrats and the Socialists for no less than eight years. Yet, it seems this latest compromise legislation will not satisfy the opposition, and there is every prospect the debate will continue.

The debate is essentially empty. Some 75,000 women come to the Netherlands each year to have abortions in any of the 20 or so abortion clinics. So while the abortions continue, the politicians and the law are struggling to catch up with reality.

In these circumstances, it is strange that the issue can still ignite such passion and indignation. The fact that it does has perhaps something to do with the Dutch character. Beneath the liberal and far-seeing countenance is a stern moralist, trying to get out.

On wider issues the mixture is much the same as before. The European Economic Community is still central to Dutch foreign policy, and so, for that matter, is NATO. The Den Uyl government was strongly criticized in some quarters because its attitude towards the alliance was seen to be neglectful, and there were some sweeping re-

ductions in Dutch defense expenditure that caused anxiety in NATO headquarters.

The Van Agt government seems to take a different view of the alliance. It has decided to increase the defense budget by an average of 3 percent in real terms annually, a target that President Carter suggested all alliance members should strive to reach because of the growing imbalance between NATO and the Warsaw Pact.

Since the whole alliance is committed to the percentage increase, it cannot be said that the Dutch fulfillment of this obligation represents a change of policy by the Van Agt-led coalition. What is clear is that the Dutch armed forces seem to be more comfortable with this government than with the last one. But even more union leaders are on record as saying more must be spent on defense.

What lies ahead? A period of tranquility — barring unforeseen calamities like another oil crisis — and perhaps a time of retrenchment for all the political parties are expected. Before the last election, commentators saw a move away from the religious parties and toward a greater secular vote along right-left lines. To an extent, they were correct: Those trends were discernible in the results of the last election. Yet, the coalition is dominated by Christian Democrats and Liberals. It is an ironic state of affairs, but the consensus seems to be that for the moment, it will do.

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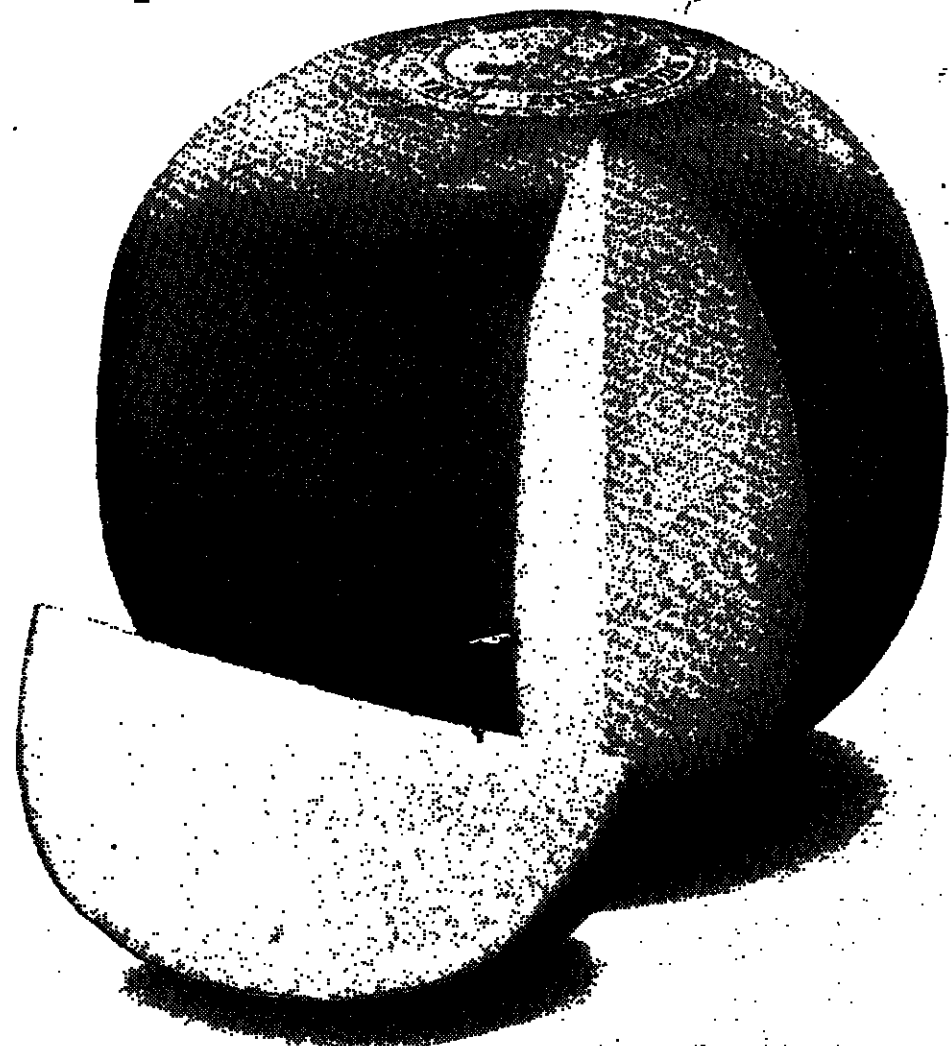
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AMSTERDAM (IHT). — How many countries can boast a commemorative plaque honoring a fisherman? The method of catching herring is the same as for cod, isn't it? The Netherlands and the plaque, in the small village of Biervliet in the Zeeland Province in the southwest of the country, reminds pilgrims to this national minishrine was here that local son Willemsoelen made his discovery in 1382.

The Dutch take their herring seriously as is apparent from old sayings like "Amsterdam was built on herring bones" and the Dutch equivalent of "a herring a day keeps the doctor away," into every Dutch schoolchild is drummed the legend of poor fisherman Lekezoelen, the Netherlands' Alexander the Great, and his inspired flash of genius, penetration.

Like most legends of history, there is more fancy than fact in the story. Although Beukelszoen certainly existed, and very profitably

played a major role in introducing the important new method of curing and preserving the fish, he has also been uncloaked as a distinguished citizen of his day rather than the impoverished fisherman of popular imagination. It is likely that his personal involvement with the Dutch delicacy consisted more of getting it inside him than getting himself inside it. But this is mere quibbling with irrelevant fact. Like young George Washington and his cherry tree, the fisherman is

ing world power in the 17th century, which culminated in Amsterdam's Golden Age, can be traced back to the competitive edge given Dutch traders by the discovery of this means of improving and preserving the flavor of their herring for relatively long periods (hence Amsterdam's herringbone foundations).

open if no Dutch traders were present on the appointed days. Much trouble also arose from Zealand's exclusive monopoly on the secret, carefully guarded and protected by law until 1857. Until this date, too, any fisherman who signed on a foreign ship was regarded as a traitor to his country, and he and his family were proscribed from eligibility for any form of welfare or poor relief.

By Len Koert

year: The "Holland Culture Card" enables American visitors to obtain a free pass to the major museums and gives facilities for reserving seats for concerts, ballet and opera performances.

Statistics show that the Dutch, with their hard guilder, are traveling increasingly farther and prefer to spend their vacations outside

This heavy deficit in tourist revenue has caused tourist officials to make an all-out effort to attract not only foreign investment but also foreign tourists.

Tourist Office, said: "We hope for our promotion campaign in Western Europe and North America to get a big chunk when the Dutch Parliament soon votes on the budget for foreign income.

"We want to draw attention to our cultural tradition, which is even richer than delightful items travelers associate Holland with, like

have maintained a traditional herring stall in front of the city's Western Church for the past 23 years. Mr. Berkum, who can recall selling his herring back in 1946 for 10 Dutch cents (about a nickel at today's rates), and who charges the standard rate of about \$1.50 nowadays, is continuing a long family tradition.

"My father rode around the streets for 55 years selling herring,"

AMSTERDAM (HT) — There

quarter of its financial year — the three months ending Sept. 30 (the comparable 1977 figure was 100.7 million guilders) and has given 153 million guilders in profit for the April-September period (146.8 million guilders for the comparable period in 1977).

The airline attributes its recovery from the bad years after the oil crisis to a trimming of staff, the introduction of more profitable wide-body jets and a favorable dollar-guilder exchange rate for fuel costs.

The airport is also moving out of the red, and officials are confidently to the future now for the project for a second major international airport in the Netherlands has been virtually dropped. The idea was to site it either on reclaimed land in the Zuider Zee or at Dinteloord, near Belgium. The enormous cost of such a project has weighed against it. Another factor is that the guilder is rising at the same rate as before the oil crisis.

8 million passengers a year in 1967, expected some 10 million travelers in 1975. In fact, there were 2.5 million fewer. All forecasts have been downgraded.

Schiphol officials say that their present facilities can take up to 18 million passengers a year, which is the number expected in 1987. The extension to the airport had been launched before the oil crisis and completed in 1975, with the result that there are now 41 passenger-plane stands and 20 more for cargo planes. A new terminal at Schiphol will provide the facilities for another 15 million passengers a year.

A total of 33 million passengers a year is what Schiphol planners expect at the end of the century. So there is no need for a new airport.

Serious study of a second terminal will probably begin in 1980, thus allowing for a four-year building period to coincide with the mid-1980s forecasts.

For now, Schiphol is concentrat-

pushing for a new road connection so that airport-bound traffic does not have to use the main Amsterdam-Hague-Rotterdam highway. This project has encountered some environmental arguments because the new road would probably have to run close to the coastal dunes and would also cut across farmland.

There is, however, less debate now over airport noise, and this is encouraging for those who want to expand Schiphol. KLM is increasing its fleet of passenger and mixed passenger/freight 747s (the 747M can carry 212 passengers and 10 tons of freight).

The airline had a good summer in its North Atlantic routes (serving the United States, Canada and Mexico) that account for more than 40 percent of total traffic.

In Britain, KLM is aggressively selling Schiphol as a "natural" way for travelers from the British provinces to reach the Continent with-

old masters and modern art. Dutch museums do not stand self-consciously apart, but are part of the life of the cities, authentic mirrors of their culture.

Haarlem's Frans Hals Museum, the Hague's Mauritshuis and Delft's Prinsenhof are almost as interesting for what they are as for what they show. The Netherlands' pictorial synthesis is the Amsterdam Rijks museum, rich with products of the Dutch Masters.

New trends, including the works of Mondrian, can be seen in the Hague's contemporary museum. Municipal museums and in the Rotterdam Boymans Museum. The vast Vincent van Gogh collections can be seen in the Kröller-Müller Museum in the Veluwe National Park and in the modern Van Gogh museum in Amsterdam.

The Holland culture card also entitles holders to visit famous churches and castles. They will be able to travel in first-class tickets at a low rate entitled to travel by one day throughou

Herring (the wholesome Pharmacy), he adds, explaining the still-current belief that the fish's health-giving benefits. Herring was very expensive in those days and he used to sell individual portions for a cent. "One cent for a piece" became a well-known saying of the time."

Herring is as synonymous with the Dutch as the other traditional stereotypes of windmills and wooden shoes, although with greater accuracy. Popular misconceptions, however, have been born. Not only are there a bewildering variety of subtle distinctions among different types of herring, based on differing places of origin, times of year and methods of curing; but there are even regional variations in the accepted method of consuming it.

Those pictures that show the Dutch with their heads thrown back while sliding the whole fish down their throats apply only to those parts of the country, as one can see from the provinces recently mentioned, the

was increasing at a steady 15 percent per year and freight by 20 percent. Schiphol, which was handling

Dec. 20, there will be a train connection from Amsterdam to the airport. Airport authorities are also

ut transiting through busy
leathrow. Already KLM and other
rlines using Schiphol serve some
cities in Britain.

and to become guest-members of the oldest Dutch art societies, "Arti et Amicitiae" in Amsterdam and

Amsterdam, where it is eaten in portions. The Dutch do take their herring seriously.

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Is 'Beefsteak Socialism' Endangering the Welfare State?

By Arnold Lissauer

AMSTERDAM (IHT) — In the early 1970s, an elderly Dutch lady sitting in a train was overheard to say, "This cannot last... we are having it too good!" At the time, this remark seemed to be an expression of Dutch Calvinistic guilt. Now, however, her foreboding appears to have been at least partially right.

The oil crisis and its aftermath showed that prosperity had its limits. Since then, the future of the Dutch welfare state, which is an es-

sentia part of Dutch life and is admired the world over, has been at stake. Because of stagnation, the way in which the welfare state has mainly been financed, by industrial profits, has come to an end.

The Dutch are slowly realizing that they will have to make a choice between increasing individual wealth and maintaining their collective welfare. They have been aided in this realization by a small group of political economists belonging to the so-called Amsterdam school who strongly feel that people must be made aware that a choice must be made.

"Opting for purely personal advancement would spell the end of the welfare state such as it has developed since the war," says Hans van den Doel, a professor of economics and member of the Amsterdam school.

Opinion Polls

If the public sector is to survive, he went on, sacrifices will necessarily have to be made — in particular, restraints on personal income.

Mr. van den Doel, whose special topic is "public choice," says that as a social scientist it is not his prerogative to make the choice. But there are a number of indications that, if actually compelled to

choose, most societies would choose public welfare over increased personal incomes.

He points out that recent opinion polls have clearly shown that a majority of Dutch people, if given the choice, are prepared to pay for the welfare state. He adds that studies done by other economists in the United States, Latin America, Western and Eastern Europe and Africa point in the same direction as do people's voting behavior, which is nearly always in favor of those parties that strongly support the public sector.

"This is a universal trend independent of economic systems or the prevailing ideology in any country," he says.

"The crux of the matter is that the character of the institutions en-

ables the Dutch to run away from the essential choice, meaning that everybody prefers not to pay for the increasing costs of the 'common goods,' the more so as every citizen has access to them anyway.

"The only solution will be to change the structure of decision-making, so that the welfare state might become manageable again." Mr. van den Doel, who explains that politically he would be considered a "very" liberal Democrat in the American sense, considers that the way in which wages are currently set — by collective bargaining — does not help in making the necessary choice. He terms this process "beefsteak socialism." (Mr. van den Doel's most recent book is titled "Beefsteak Socialism and the Economy.")

"The economic situation is bedeviled by the fact that traditional

wage bargaining has prevailed, except in 1974, when during the oil crisis the government took over the wage-fixing role from the trade unions, restricting the rest of the incomes even more than wages.

"The unions are the most powerful factor in the labor market, because they virtually can fix wages, without much regard to scarcity or productivity. They are able to compensate price rises and tax increases in the wages bill, with a result that the public sector goods are not paid for by the workers. The unions' position is particularly strong because as a rule the employers do not resist wage demands seriously, as they in their turn, more often than not, are able to compensate higher wages in the prices."

The result of leaving the matter to pressure groups — or unions and

employers' organizations — has been that things could not be put right, as their decisions seldom come up to the requirements of society as a whole.

"Even if unions are willing to do so, they would refuse to pay for the extra costs of the 'common good' — the welfare state in its widest sense, including all the public and social services — not because they are wicked, but because there is no coercion applying to everyone. They simply cannot be expected to go it alone."

As far as the responsibility of paying for the welfare state is concerned, everybody will say, "After you."

The only way that this impasse can be resolved is by means of an income policy, according to Mr. van den Doel. "I am convinced that if the free bargaining system is not

replaced by an overall incomes policy, involving the whole community, then the welfare state will dig its own grave," he says. "In our part of the world, effective incomes control can only be achieved by a general acceptance of democratic coercion, meaning, of course, parliamentary legislation."

Is Mr. van den Doel optimistic about the future of Dutch society? Because of the agitation by the Amsterdam school, the Dutch people seem to be more aware of the choices that must be made than many other people.

"Despite this, the belief in free wage bargaining still has the upper hand, because only a minority favors income controls."

All parties have agreed, however, that wage increases should only be moderate, a consensus that can be found nowhere else in the world.

In the Dutch Labor Party are even those who think in terms of a slight reduction of real incomes. Such a course would mean opting for stabilizing expenditure to maintain, and extend, the public sector. "Dutch think that the welfare should be rescued. Parties should enable the government to see to it that real wages are not established or set down," Mr. van den Doel says.

"If that is generally understood, people would no longer feel less to deal with the present economic situation. They should actually grasp the fact that healthy welfare state is essential to stimulate employment because wage industry to a large extent depends on central and local government orders."

Tradition of Tolerance for Minorities Is in Question

THE HAGUE (IHT) — The Netherlands has found, as have other nations, that racial integration, no matter how carefully fostered, can still create a national headache.

"About 6 percent of the population is nonwhite," said a spokesman in charge of minorities at the Ministry of Culture, Recreation and Social Matters. At least half a million of the total Dutch popula-

tion of 14 million belong to ethnic minorities.

The largest group is the repatriates, Eurasians who came to the Netherlands in two waves: The first and largest wave was after the 1948

independence of the former Dutch East Indies and the second wave came in 1954, when Eurasians in then independent Indonesia could opt for Dutch citizenship. The entire group totals about 400,000.

The repatriates have been mostly well absorbed, a fact that is often cited as exemplary. One of the reasons there were few obstacles for the Eurasians to become a part of the Dutch nation is because intermarriage was encouraged in Dutch colonial times. Indonesian shops and restaurants (with the famous rice dinner, *rijsttafel*) have become part of the Dutch way of life. Malaysian words have crept into the Dutch language just as Yiddish expressions became part of Amsterdam slang when Baruch Spinoza and other Jews fled there from the Spanish Inquisition in the 17th century.

The second largest group is the Surinamese. Since Surinam became independent in November, 1975, this group has swollen to about 135,000, with an additional 10,000 to 20,000 Surinamese who come here illegally looking for jobs or social-security benefits.

The former Dutch colony lies on the northeast shoulder of South America between Guyana and French Guiana. Large parts of the country are unexplored jungle, and about a third of the active population is unemployed. The Dutch continue to contribute heavily to the costs of establishing nationhood for Surinam.

While independence is beginning to foster a national identity in Surinam, here the Surinamese still form separate racial groups, except among the women who organize meetings in the Netherlands to promote their common interests.

In addition, there are some 25,000 Antilleans and more are flocking in, fearing the independence of the Netherlands Antilles (Dutch West Indies). No date has been set for independence but Aruba, the island near Venezuela, and the most prosperous, has been clamoring for autonomy. The Antilleans here — most of them Creoles — form a separate group.

Finally, there are some 5,000 Chinese from Taiwan, Hong Kong and Singapore in the Netherlands. These are the so-called "legal Chinese." The Justice Ministry does not know how many Chinese

are here illegally. Last year, a police hunt led to the explosion of some 800 members of triads, Hong Kong Chinese gangs that are considered mainly responsible for the drug traffic in this country.

The Netherlands' most turbulent ethnic group is made up of 40,000 Moluccan youths, who are reported to possess arms, either stolen or bought on the black market in neighboring Belgium.

The militant youths in the community have staged a growing campaign of violence since the early 1970s to back Moluccan demands for an independent homeland. They are trying to force the Dutch government to support their claim to their ancestral islands in the Indonesian archipelago, ruled by the Dutch for centuries until Indonesia became independent in 1949. Older Moluccans also support this ideal, but not the violence used to back it.

The first of the Moluccans, people close to aboriginal stock from the former Dutch East Indies, were old soldiers from the Dutch Royal Army who came here 27 years ago, after Indonesia won independence. They cling to the old ways, isolate themselves in separate communities and claim the Dutch have never fulfilled promises to help them return one day to their homeland.

The sons and daughters of the original settlers nurse the dream of returning to a cluster of Indonesian spice islands that they have never seen.

The Dutch have poured time, money and effort into getting the exiles to accept their life in a modern social democracy.

The Moluccans originally were settled in disused army barracks around the country. Most of them have now been resettled in up-to-date housing communities where they continue to live apart from their Dutch neighbors.

The government subsidizes rents and social projects and often pays for furniture for those moving to new homes. Only two of sixty former Moluccan encampments remain, and some Moluccans still resist moving out.

Moluccan militant youths have been responsible for an explosion of terror, twice hijacking trains and seizing the Indonesian Consulate in Amsterdam, a school and provincial headquarters that involved a

score of deaths among both Moluccans and Dutch. Strong Dutch army and action is considered mainly responsible for what may be a last series of terrorist actions.

Discrimination

A recent study by cultural anthropologists has established people from Surinam and workers" from Mediterranean countries are being discriminated against — "demonstrably." For workers and their families in about 240,000. They are not Turks and Moroccans.

The Utrecht University, led by Frank Bovenkerk and listed in a book called "Ons Anders Zijn" ("Because We Are Different"), excluded the Moluccan minority group because of its past would have invalidated study.

In particular, foreign workers and Surinamese were found discriminated against in employment and housing.

The country's reputation for tolerance in the 1950s, after the successful assimilation of Indonesians, Mr. Bovenkerk claims, changed the arrival of new immigrants. Both in the police force and in the trade union movement, discrimination is in evidence, all "Dutch policemen do not discriminate more than the average man," according to the study.

The investigators asked 1,000 speaking Moroccans, Turks and Surinamese to apply for and housing. Afterwards, Dutchmen of similar age, age and education were sent experiment was carried out 300 times in Amsterdam.

It produced evidence of subtle discrimination, the investigators found, and the discrimination was often confirmed in discussions they had afterwards with employers and houseowners.

The study has made some government officials consider if they should follow the British example by setting up a race relations board.

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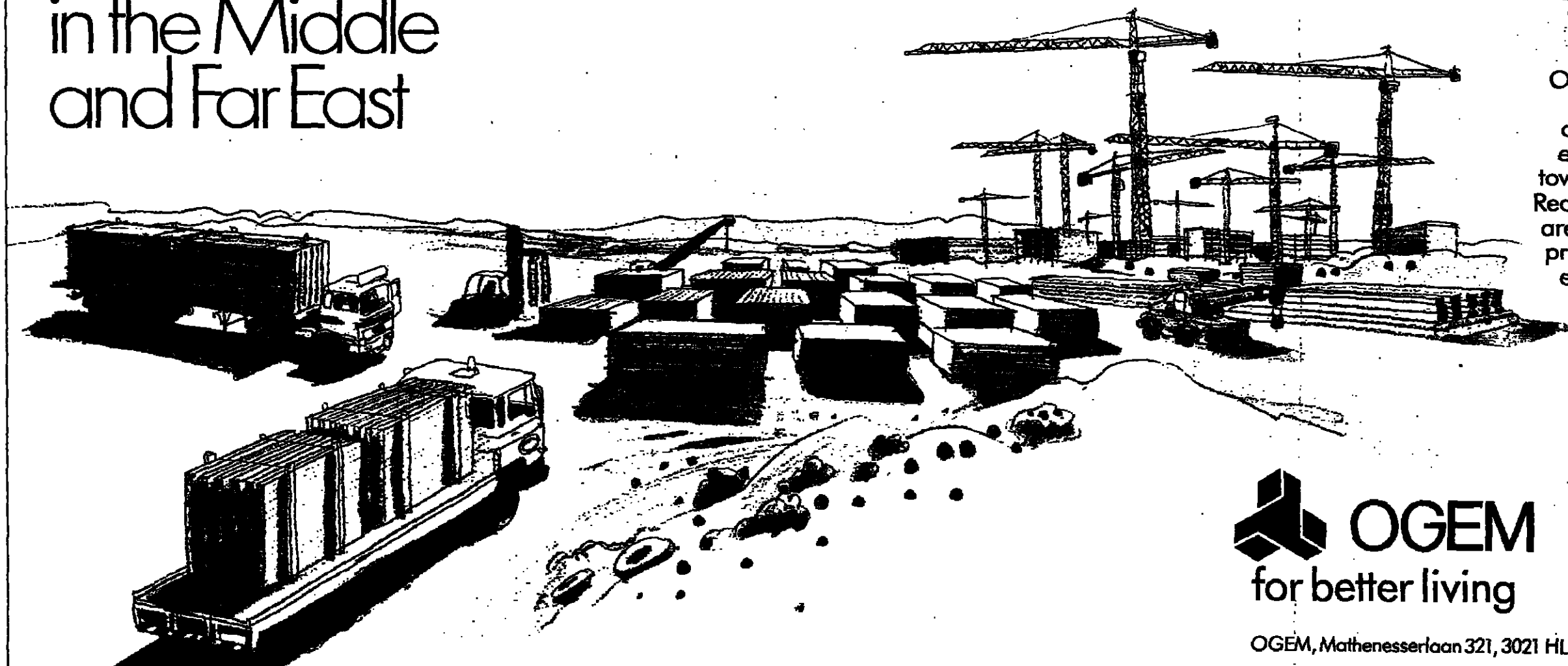
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ate? A Queen Who Knows, and Adheres to, the Rules of the Game

In the Dutch capital, the queen will celebrate her 70th birthday on April 30. Although people may speculate, court officials do not expect her to abdicate after a 30-year reign.

THE HAGUE (IHT) — Queen Juliana of the Netherlands will celebrate her 70th birthday on April 30. Although people may speculate, court officials do not expect her to abdicate after a 30-year reign.

In this country there are some 2,000 societies that have joined the Federation of Orange Societies. They are currently preparing for the queen's birthday next spring. Each year on this occasion, they organize a long march past the royal family's rambling white country house at Soestdijk. Royalists from all over the country then mingle with members of the royal family.

Queen Juliana, who grew up as an only child, is the mother of four married daughters, and grandmother of ten boys and two girls between the ages of one and thirteen.

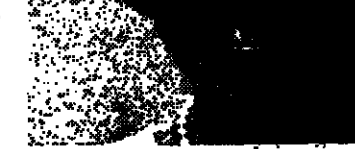
The queen succeeded her mother, Queen Wilhelmina, when the latter abdicated in 1948. Queen Juliana brought a new style to the Netherlands' constitutional monarchy, doing away with curtsies, protocol and pomp.

As a queen she is "highly conscientious, acutely aware of limitations on a modern queen," former Socialist Premier Joop den Uyl said. "She knows the rules of the game and strictly adheres to these," he said. "Whenever she is in doubt she will call in her advisers on constitutional problems," he added.

Her wisdom is based on a thorough knowledge of the Dutch state of affairs and she is extremely well informed and a good listener — especially when she plays her role with the formation of a new government.

Queen Juliana is also strong-willed. Her husband, Prince Bernhard, knows this well. Once he told an aide, who sought to change the queen's mind on some subject, "If my wife says no, there is nothing doing."

She has a reputation for being a tireless worker. Her husband is more restless, loving to travel. The Dutch appear to have forgiven the prince his role in the Lockheed scandal, when a special investigative committee two years ago found that the queen's German-born husband had accepted bribes.



Crown Princess Beatrix.



Queen Juliana.

Amsterdam: A City of Diamonds and Art

AMSTERDAM (IHT) — In city-center showrooms and out at smaller "cash and carry" desks at the airport, the Amsterdam diamond industry seeks to persuade the tourist that buying one of the precious stones need be little more complicated than purchasing one of the bouquets of Dutch flowers on sale at the airport.

The airport message is "take a diamond home to your wife." One week's special offer: half a carat for 900 guilders (about \$900).

There are many tourists each year in Amsterdam, and this kind of service-the-counter trade is good for the diamond trade and Amsterdam's reputation as a diamond center. In fact, the city has lost its European prominence to neighboring Antwerp in Belgium.

There is no tradition in Holland of collecting on the grand scale. Nevertheless, just about everyone has something.

It was at Asscher's that the world's largest stone, the Cullinan, now set in the crown jewels in the Tower of London, was cut and polished. "The Cullinan was like a Rembrandt," said Mr. Asscher's son.

Today, the firm still prefers the upper end of the market, where the Arabs are bigger buyers than Western royalty. The Arabs created the boom in rough diamonds and have also been buying polished stones in what has proved to be an astute move.

Mr. Asscher commented: "The year has been good the world over. The weakness of the dollar has been a great incentive to invest in diamonds." De Beers, suppliers to houses like Asscher, raised their prices 30 percent. But the increase was passed along the line and the latest diamond boom, now 18 months old, has resulted in Asscher obtaining \$19,500 to \$20,000 for a one carat, blue-white, flawless stone in New York. The customer pays 30 to 40 percent more.

Amsterdam is still a center for fine arts, although half of the activity in the art market is directed by those British twins, Sotheby and Christie. Sotheby's has come to dominate the Amsterdam market, with its 16 sales a year, including two for Dutch Old Master drawings from the 17th century, two for waxes, two special sales of high-quality objects such as paintings or furniture and general sales with, for example, 4,000 lots ranging in price from 50 guilders to 50,000 guilders.

The famous walls of the Asscher boardroom are lined with photos of the famous who have visited the cutting and polishing workshops: the Dutch royal family, the queen of England, the queen of Thailand and others. More recently, the king and queen of Sweden made a private visit.

Asscher's son, Louis Asscher, head of the big gem diamond house in Amsterdam, explained: "We had 12 survivors out of 360 at the end of the Second World War. You cannot replace that kind of skill. Fortunately, lack of requirements are lower these days." The Asscher company operates from a staff of between 45 and 50 persons.

Sotheby's was on the point of selling the collection of Peter Menten when an Israeli buyer recognized Mr. Menten as an alleged Nazi collaborator upon receiving his catalogue. The sale was cancelled.

A painting by Jacob van Ruysdael (1628-82), one of the greatest of the Dutch realist landscape painters, was bought by a Swiss dealer for 740,000 guilders instead of the expected 200,000 guilders. Slightly higher prices have been obtained for other Dutch paintings from this epoch.

For those in the business of selling fine arts, the question of supply is primordial. One Amsterdam dealer commented: "There is no tradition in Holland of collecting on the grand scale. Nevertheless, just about everyone has something. There is certainly no shortage of objects in Holland. Probably there is more here than anywhere else given the size of the country."

An international auction house specializing in Dutch pieces also has to work closely with agents in Belgium and Germany. The feeling is there are enough pieces of furniture as well as paintings available to keep collectors happy for a "long time," in the evaluation of one Dutch dealer. He added: "There is a huge demand for furniture, but because of Dutch laws, narrow staircases and weak floors, the smaller cupboards are more expensive than the larger ones."

Two of Juliana's daughters wed commoners: Princess Margriet married a Dutch lawyer, Pieter van Vollenhove, and has four sons. Princess Christina, who married a Cuban-born American, Jorge Guillerme, lives in New York. He is employed by Royal Dutch Airlines (KLM). They have a son.

Princess Irene married Prince Carlo Hugo of Bourbon-Parma. They have four children and live in Madrid. Both Princess Irene and Princess Christina have given up their rights to the throne — Irene because Prince Hugo is Catholic, and the Dutch Constitution stipulates that royalty must belong to the Netherlands Reformed Church.

The Dutch Parliament is now considering legislation that would specify which of the many royal offspring actually belong to the royal house and would thus be eligible to live in state-owned and state-financed palaces. At present

the constitution does not define members of the royal house, apart from the queen, prince consort, the heiress to the throne and her husband. Once Crown Princess Beatrix assumes her duties as a queen, she will have to feel her way slowly in the affairs of state of this critical and stubborn nation. But she is considered quick-witted and intelligent, and she is a good organizer.

Even though she will be confronting another generation, there is every confidence she will adapt to contemporary conditions to become a new and modern queen. —L.K.

Even though she will be confronting another generation, there is every confidence she will adapt to contemporary conditions to become a new and modern queen. —L.K.

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Music and Dance Not Burdened by the Past

By David Stevens

AMSTERDAM (IHT) — In both music and dance, the Dutch have the advantage of not being lumbered by a weighty history. As a result, this intensely musical nation remains astonishingly open to the present and future and to outside influence, while in dance it has come from nowhere to produce three companies of worldwide reputation since the war.

The dance history of the Netherlands is almost nonexistent. In 1936, the German dancer and choreographer Yvonne Georgi formed what is considered this country's first important dance group, which even toured the United States just before the outbreak of World War II. But it was not until after the war that these beginnings bore fruit.

The nation's largest company, the Dutch National Ballet, was formed in 1961 from the fusion of the Amsterdam Ballet and the Netherlands Ballet, the latter having been founded in 1958 by Soma Gaskell, who was the first artistic director of the new company. Today it is led by a triumvirate of Dutch choreographers — Rudi van Dantzig, Hans van Manen and Toer van Schayk.

The National Ballet, which has a company of more than 80 dancers, is a classically based troupe with a strong modern repertoire. It maintains a well-kept "museum" of romantic classics along with ballets drawn from the Diaghilev era, to which new works are continually being added, mainly by its three directors. It also has frequently attracted guest stars such as Rudolf Nureyev, with whom the National Ballet made its New York debut last April. In addition to its own performances, the company supplies dancers for the Netherlands Opera. It is based in Amsterdam and subsidized by this city and the state.

Modern Dance

The Netherlands Dance Theater was founded in 1959 by Benjamin Harkavy, the U.S.-born choreographer, who left the Netherlands Ballet with a group of dancers (including Van Dantzig) to start a troupe oriented more toward modern



Rudolf Nureyev dances with Mea Venema in "About a Dark House."

dance. Its repertoire was largely shaped during the 1960s by Van Manen (who joined the National Ballet in 1973), and its roster of works includes choreographies of John Butler, Glen Tetley, Anna Sokolow, Charles Czaray, Louis Falco and Jiri Kylian, who has been co-director since 1975. This troupe of about 30 dancers is based in The Hague, which subsidizes it along with the state.

The Scapino Ballet was founded in 1945 with the principal aim of performing for children. It is still going strong, touring extensively throughout the world with a repertoire of works largely created for it.

These three companies have not only implanted dance firmly in what had seemed to be arid soil, but have made the Dutch exporters, with the works of their best choreographers, welcomed by some of the world's leading companies.

Although few Dutch composers weigh heavily in musical history, the Netherlands has a rich tradition of music in the home — amply recorded by Rembrandt and other Dutch painters — that is reflected today in an abundance of outstanding musical ensembles and performers.

Concert Hall

The best-known ensemble, and one of the world's leading symphony orchestras, is Amsterdam's Concertgebouw Orchestra, named for the hall (Concertgebouw means concert hall) that has been its home since 1888 and whose acoustical properties are rightly famous. The orchestra has been led through its 90 years basically by only four chief conductors — Willem Kees, Willem Mengelberg (an early and ardent champion of Mahler), Eduard van Beinum and the incumbent, Bernard Haitink, who last season took the orchestra on its latest U.S. tour with a complete Beethoven symphony cycle.

The Rotterdam Philharmonic, which has a splendid modern home in De Doelen (opened in 1966), and

the Residentie Orchestra of The Hague are also well known outside the country, as is the Netherlands Chamber Orchestra. But the country has 11 professional symphony orchestras, not counting various Netherlands Radio ensembles, and by one count something like 110 amateur orchestras.

The Netherlands Opera, reorganized several seasons ago, is a national company in the sense that each production is performed in cities throughout the country and the company, instead of having its own orchestra, calls on the services of a different Dutch orchestra for each production. But the repertoire is eclectic, ranging from Monteverdi to newly commissioned works, and casts tend to be a mixture of Dutch and foreign singers.

The Dutch have no language ax to grind, so performances generally are in the original language, and a couple of new works by Dutch composers in recent seasons have even had English librettos — Hans Kox's "The Picture of Dorian Gray" and Peter Schaefer's "Houdini" — while "Of Mice and Men" by the American composer Carlisle Floyd, first seen here in 1976, has been revived this season.

The Netherlands, and Amsterdam in particular, has been one of

the headquarters for the recent worldwide boom in "early" music. Here, the historical connection is strong, for the Netherlands was in the 15th to 17th centuries, and some of the period instruments now much in demand again never completely fell out of use here.

In 1974, a Monteverdi week in Amsterdam given by Dutch and foreign specialists drew packed houses for all performances, and the city probably has a larger pool of specialists in Renaissance and Baroque music than any comparable musical center — such as the recorder virtuoso Frans Bruggen, or the harpsichordist-conductor-musicologist Gustav Leonhardt and Alan Curtis.

A Dutch Specialty

Organs are a Dutch specialty, dating perhaps from the composer and organist Jan Sweelinck (1562-1621), who performed in Amsterdam's Old Church (Oudekerk) and was a famous teacher. Period instruments, splendidly restored, can be heard in many churches, in Haarlem, Alkmaar, Zwolle and elsewhere. There are annual competitions for organ (in Haarlem) and carillon (in Hilversum), and even the nonmusical tourist partici-

pates in Dutch musical life through the ubiquitous street barrel organs. Contemporary music is far from ignored. There is a large, prolific and independent-minded body of young composers whose activities received generous support from organizations like the Gaudeamus and Donemus Foundations.

The Holland Festival, started in 1947 and taking place every June, regularly has one of the richest programs of all the European music and arts festivals. Typically, it is also one of the festivals most open to the public, not only because of modest prices (the top price in 1979 will be about 25 guilders) and a number of free events, but because performances are spread throughout the country and its programs range from serious to pop and bring performers from throughout the world. In 1976, for instance, the U.S. Bicentennial was the festival's theme.

The festival's 1979 program promises a new ballet jointly choreographed by the directing triumvirate of the Dutch National Ballet, and a new all-Japanese dance program by the Netherlands Dance Theater, while the Concertgebouw Orchestra has a roster of conductors that ranges from Carlo Maria Giulini to Danny Kaye.

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What do the Dutch need most?

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What are labour relations like?

In the last few decades, there have been very few labour disturbances and strikes, largely due to the fact that employees and employers have good means of communication which they exercise to reach satisfactory wage and conditions agreements.

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Youth: 1960s Are Out of Date

THE HAGUE (IHT) — A quiet revolution has taken place since the 1960s, when Dutch youth composed a turbulent and intense oriented movement. There is less "wanting to have a say" in events, for the young people of this nation have replaced idealism with materialism.

Now there is a "consumer youth," according to Jan Meijer of the Ministry for Culture, Recreation and Social Matters (CRM). "They're spending their money on clothes, instead of jeans. There is a reversion to frilly clothes and, after school, they want to make money

in order to spend it." In fact, T-shirts are being discarded by both the working and the middle classes. Jazz is also fading out, and the "total sound" of hi-fi is in "Grease" and "Saturday Night Fever" are drawing full houses of mainly youngsters. "The movies appeal to them," Mr. Meijer says.

On the other hand, according to Mr. Meijer, there is a growing interest in religious youth movements. Youth for Christ has more than 100,000 members, and at least another 100,000 show interest. Throughout the Netherlands there are Youth for Christ coffee shops.

The evangelist radio and television, one of the pillars of the Dutch broadcasting system, draws some 20,000 youngsters to its national gatherings. "Fortunately, we have no barbarian sects here, as yet," Mr. Meijer says. He adds, "I believe youth is less escapist, and we have passed the climax of the drug period."

Soft drugs have been legalized under recent Dutch legislation, but still there are an estimated 8,000 hard-drug users (some 30 percent of them Surinamese).

A growing interest in higher education — both academic and vocational — has also been registered.

Unemployment

A major problem in the Netherlands is the growing number of unemployed among the young. According to recent figures, of 200,000 registered unemployed, nearly 90,000 are young people. There are also many "hidden" unemployed, such as married women who would like to work but cannot get a job.

This country has seen a decreasing labor force: About one-third are too young to work, and about

one-fifth too old. The smaller labor force also determines youth's job prospects.

"In fact," Mr. Meijer says, "many wonder why they study only to face a jobless future." A number of people who have completed their studies find it hard to get a job and some are without work for years.

Under a government assistance program, jobless young people receive 800 guilders gross salary monthly. After taxes and health insurance are deducted, they are left with 600 guilders a month, which makes for a so-called minimum wage.

Crime among youngsters has risen by 5.8 percent since 1976-77. Indeed, Mr. Meijer confirms there is a rise in crime, soccer vandalism and gang fights.

Middle-class youngsters are proud to dispense with marriage and they live as unmarried couples. But marriage is still popular with the working class because it is considered a status symbol.

The number of one-parent families is growing and will be one of the topics of the Year of the Child discussions in 1979 that will be led by Crown Princess Beatrix. Another problem concerns second-generation members of minorities, and studies have begun on how to deal with them.

The armed forces also reflect the changes in life-style for Dutch youth. Long-haired privates are no longer required to salute their superiors and can go out in civilian clothes at night.

However, as one Dutch general says, "It is internationally proved that Dutch soldiers are among the best disciplined and have a good sense of duty."

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w	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
x	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
y	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
z	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
aa	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ab	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ac	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ad	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ae	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
af	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ag	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ah	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ai	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
aj	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ak	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
al	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
am	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
an	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ao	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ap	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
aq	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ar	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
as	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
at	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
au	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
av	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
aw	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ax	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ay	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
az	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
ba	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
bb	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
bc	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
bd	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
be	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
bf	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
bg	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	—	—	—	—	—
bh	40%	Morrin 40 232 3% 65 4%	b	32%	Cohers 50 1169 13% 74 10 10 1%	b	32%	—	—	—	Cohers 50 1169 13% 7										

9	50%	U Carb	35	13	13	16	8	24%	64	34%	35%	Phil
6	50%	U Carb	40	122	14	17	13	16	27	15	16	Phil
7 1/4	39 1/4	U S St	20	125	2%	11	3%	37	44%	22%	24%	Ras
4 1/4	39 1/4	U S St	25	85	5	15	1%	19	19	16	22%	Ras
	39 1/4	U S St	20	25	1	14	14	17	9	16	22%	Ras

4%	39%	U S St	25	85	5-14	15	1%	19	9-16	22%	RMS OG p	10	61	%	3	11-16	1%
		U S St	30	25	1-16	10	1%	17	9-16	22%	RMS OG p	15	263	5-16	184	%	44
	39%	U S St	30	25	1-16	10	1%	17	9-16	22%	RMS OG p	15	15	3%	11	3%	10
b	124	Wm Lm	25	14	13-16	a	a	13	2%	25							

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1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

(Continued from Page 7)

But the house of Becker remains unconvinced. In the firm's latest commentary, it declares: "We see no reason to modify our previous forecast of 675 to 775 in the Dow industrial average sometime in the first half of next year."

firm continuously analyzes the implications of such technical data as the 35-day advance-decline line, odd-lot short sales and the short-interest ratio, as well as measure-

"The intermediate indicators are moving toward a bullish signal. Nevertheless, further price weakness will be required to complete the pattern and any premature rally

International institutions	9.19 %
Industrials, long term.....	9.43 %
Industrials, medium term	9.49 %
Canadian dollars, medi-	

The improved tone of the Deutsche mark sector enabled a syndicate led by Deutsche Bank to price a 100 million mark, 10-year

mark, seven-year note issue for the Nordic Investment Bank of Helsinki.

Also in the market is a 200 million mark, eight-year New Zealand

convertible into the Tokyo-listed shares starting Feb. 1, 1979. A conversion premium of 7 to 10 percent is anticipated.

(Continued from Page 7)

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Summing up, the firm sees the likelihood of a market decline that eventually tests this year's loss of

will, accordingly, postpone this long-awaited event. At the same time, the extraordinary vulnerability of secondary stocks, as opposed to large capitalization issues, renders the primary trend outlook unattractive, even if an intermediate rally starts within the next month or two."

um term	10.31 %
French franc, long term	10.43 %
Unit of acc.long term	8.10 %
* Calculated by Luxembourg Stock Exchange	

Market Turnover			
	Total	Dollar	Non-dollar
		Equivalent	Equivalent
Cedel	738.00	364.20	373.80
Eurotel	1,605.2	1,283.1	322.10

issue of Oesterreichische Kontrollbank above par at 100.5. This brought the yield on the issue's 6.5 percent coupon down to 6.43 percent.

Currently on offer via Deutsche Bank and its associates is a 100 million mark, eight-year Brazilian government note, issue bearing 7.75

In the convertible sector, a syndicate led by Berliner Handels und Frankfurter Bank is offering a 50 million mark, 7.5-year convertible issue of Omron Tateisi Electronics Co., which among other things

ing of City of Oslo bonds received a warm welcome. The 10 million Kuwaiti dinar, 12-year notes were priced at par bearing 7.625 percent instead of the originally intended 7.75 percent. Despite the one-eighth point cut in the coupon rates, the bonds traded in the after-

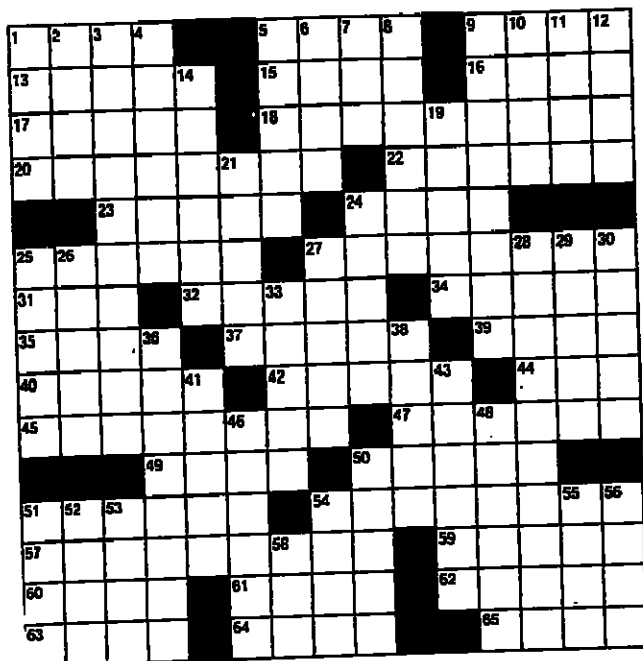
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900	74497	850	Forc 74497	970	House 5282	80	MPAC 24420	57%
900	74498	850	Forc 74498	970	House 5283	80	MPAC 24421	57%
900	74499	850	Forc 74499	970	House 5284	80	MPAC 24422	57%
900	74500	850	Forc 74500	970	House 5285	80	MPAC 24423	57%
900	74501	850	Forc 74501	970	House 5286	80	MPAC 24424	57%
900	74502	850	Forc 74502	970	House 5287	80	MPAC 24425	57%
900	74503	850	Forc 74503	970	House 5288	80	MPAC 24426	57%
900	74504	850	Forc 74504	970	House 5289	80	MPAC 24427	57%
900	74505	850	Forc 74505	970	House 5290	80	MPAC 24428	57%
900	74506	850	Forc 74506	970	House 5291	80	MPAC 24429	57%
900	74507	850	Forc 74507	970	House 5292	80	MPAC 24430	57%
900	74508	850	Forc 74508	970	House 5293	80	MPAC 24431	57%
900	74509	850	Forc 74509	970	House 5294	80	MPAC 24432	57%
900	74510	850	Forc 74510	970	House 5295	80	MPAC 24433	57%
900	74511	850	Forc 74511	970	House 5296	80	MPAC 24434	57%
900	74512	850	Forc 74512	970	House 5297	80	MPAC 24435	57%
900	74513	850	Forc 74513	970	House 5298	80	MPAC 24436	57%
900	74514	850	Forc 74514	970	House 5299	80	MPAC 24437	57%
900	74515	850	Forc 74515	970	House 5300	80	MPAC 24438	57%
900	74516	850	Forc 74516	970	House 5301	80	MPAC 24439	57%
900	74517	850	Forc 74517	970	House 5302	80	MPAC 24440	57%
900	74518	850	Forc 74518	970	House 5303	80	MPAC 24441	57%
900	74519	850	Forc 74519	970	House 5304	80	MPAC 24442	57%
900	74520	850	Forc 74520	970	House 5305	80	MPAC 24443	57%
900	74521	850	Forc 74521	970	House 5306	80	MPAC 24444	57%
900	74522	850	Forc 74522	970	House 5307	80	MPAC 24445	57%
900	74523	850	Forc 74523	970	House 5308	80	MPAC 24446	57%
900	74524	850	Forc 74524	970	House 5309	80	MPAC 24447	57%
900	74525	850	Forc 74525	970	House 5310	80	MPAC 24448	57%
900	74526	850	Forc 74526	970	House 5311	80	MPAC 24449	57%
900	74527	850	Forc 74527	970	House 5312	80	MPAC 24450	57%
900	74528	850	Forc 74528	970	House 5313	80	MPAC 24451	57%
900	74529	850	Forc 74529	970	House 5314	80	MPAC 24452	57%
900	74530	850	Forc 74530	970	House 5315	80	MPAC 24453	57%
900	74531	850	Forc 74531	970	House 5316	80	MPAC 24454	57%
900	74532	850	Forc 74532	970	House 5317	80	MPAC 24455	57%
900	74533	850	Forc 74533	970	House 5318	80	MPAC 24456	57%
900	74534	850	Forc 74534	970	House 5319	80	MPAC 24457	57%
900	74535	850	Forc 74535	970	House 5320	80	MPAC 24458	57%
900	74536	850	Forc 74536	970	House 5321	80	MPAC 24459	57%
900	74537	850	Forc 74537	970	House 5322	80	MPAC 24460	57%
900	74538	850	Forc 74538	970	House 5323	80	MPAC 24461	57%
900	74539	850	Forc 74539	970	House 5324	80	MPAC 24462	57%
900	74540	850	Forc 74540	970	House 5325	80	MPAC 24463	57%
900	74541	850	Forc 74541	970	House 5326	80	MPAC 24464	57%
900	74542	850	Forc 74542	970	House 5327	80	MPAC 24465	57%
900	74543	850	Forc 74543	970	House 5328	80	MPAC 24466	57%
900	74544	850	Forc 74544	970	House 5329	80	MPAC 24467	57%
900	74545	850	Forc 74545	970	House 5330	80	MPAC 24468	57%
900	74546	850	Forc 74546	970	House 5331	80	MPAC 24469	57%
900	74547	850	Forc 74547	970	House 5332	80	MPAC 24470	57%
900	74548	850	Forc 74548	970	House 5333	80	MPAC 24471	57%
900	74549	850	Forc 74549	970	House 5334	80	MPAC 24472	57%
900	74550	850	Forc 74550	970	House 5335	80	MPAC 24473	57%
900	74551	850	Forc 74551	970	House 5336	80	MPAC 24474	57%
900	74552	850	Forc 74552	970	House 5337	80	MPAC 24475	57%
900	74553	850	Forc 74553	970	House 5338	80	MPAC 24476	57%
900	74554	850	Forc 74554	970	House 5339	80	MPAC 24477	57%
900	74555	850	Forc 74555	970	House 5340	80	MPAC 24478	57%
900	74556	850	Forc 74556	970	House 5341	80	MPAC 24479	57%
900	74557	850	Forc 74557	970	House 5342	80	MPAC 24480	57%
900	74558	850	Forc 74558	970	House 5343	80	MPAC 24481	57%
900	74559	850	Forc 74559	970	House 5344	80	MPAC 24482	57%
900	74560	850	Forc 74560	970	House 5345	80	MPAC 24483	57%
900	74561	850	Forc 74561	970	House 5346	80	MPAC 24484	57%
900	74562	850	Forc 74562	970	House 5347	80	MPAC 24485	57%
900	74563	850	Forc 74563	970	House 5348	80	MPAC 24486	57%
900	74564	850	Forc 74564	970	House 5349	80	MPAC 24487	57%
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900								

[illegible]

I THINK WE CAN COME TO A DECISION RIGHT NOW. WE'LL SEND YOU 500 IN ASSORTED COLORS. YES? WHICH COLOR DON'T YOU WANT? HMM... YOU REALIZE THAT MEANS WE'LL HAVE TO REPACKAGE....ADDS TO OUR COST. YES. WELL, LOOK DOWN THE COLUMN THAT SAYS 'BROKEN PACKAGES'. UH-HUH,...TOO HIGH? TELL YOU WHAT, SINCE IT'S A QUANTITY ORDER, I'M WILLING TO SPLIT THE DIFFERENCE OVER THE PRICE ORIGINALLY QUOTED. YES?...OKAY YOU'LL GET ALL THE COLORS. EXCEPT THE BLUE, WELL, WHEN I TALKED TO YOUR MR. PETRIE HE SAID IT WAS ALL RIGHT, OH YES, I TALKED TO HIM. SAID YOU HAVE ENOUGH IN STOCK. ENOUGH TO HOLD YOU FOR AWHILE. SAID TO TELL YOU IF YOU HAD ANY DOUBTS, UH-HUH, OH, OF COURSE, YOU'RE IN A BIND? WE'LL GET THAT ORDER ON A PLANE TONIGHT. RIGHT. THANK YOU, WE HAVE

CROSSWORD By Eugene T. Malachuk

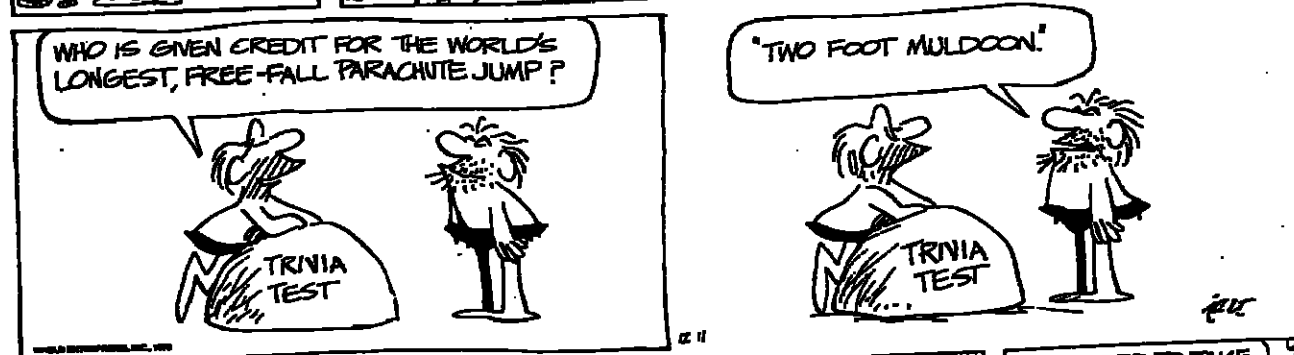


- ACROSS**
- Waller or Domino
 - Bark
 - His tales are tall
 - Provide gear
 - Resound
 - Frequent follower of someone
 - can laude
 - Place that had a boom before its doom
 - Enemy agent's act
 - First word of "A Lost Chord"
 - Aquatic plant
 - Brunch, e.g.
 - Equalizer
 - Evict
 - Gen. Wallace
 - Pinched
 - McCarthy relative
 - Middleweight champion: 1923-26
 - Galilee
 - Jacob's brother
 - Wharton's "The Innocence"
 - Sinuses
 - Sentence ending, at times
 - Confident bridge bidder's call
 - as a bird
- DOWN**
- Palm or pine
 - Creek
 - With "The" a system for actors
 - Shoot-out site
 - Setting for a Duchamp nude
 - Station for the Ragtime Kid
 - Dupe
 - Lacking life and interest
 - Join a race
 - Rivulet
 - On the Arno
 - Famed Renaissance family
 - Parker of films
 - Prefix for plane or marine
 - Roller on a
 - Sahara wind
 - Safeblowers
 - 6 Years
 - Pop song of 1925
 - Western "good guys"
 - Not to mention
 - Islet: Fr.
 - Now: May
 - Sarcasm
 - Separate violently
 - Jargon
 - Small ducks
 - Emanations
 - Nobel prize for Medicine: 1934
 - "King Olaf" composer
 - Border
 - Woody's frequent co-star
 - Veteran
 - Prospectors
 - Shred
 - Draw out
 - Fraser of tennis
 - Where gunfighters rest in peace
 - Currency in Brest
 - Angry fit
 - Slanting
 - Old-time sleepwear
 - Inhumanly savage
 - Prime Minister of Japan: 1960-64
 - Church title: Abbr.
 - Vanity case
 - in the saddle
 - Psychiatric suffix
 - "They have spread"
 - : Psalms
 - Woodcraft, e.g.
 - Onassis

PEANUTS



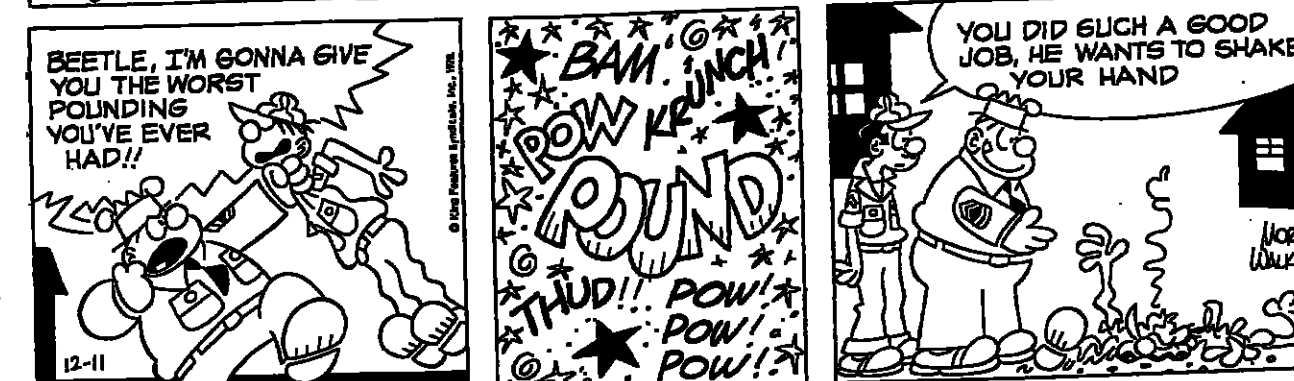
B.C.



BLONDIE



BEETLE



ANDY



WIZARD OF ID



REX MORGAN

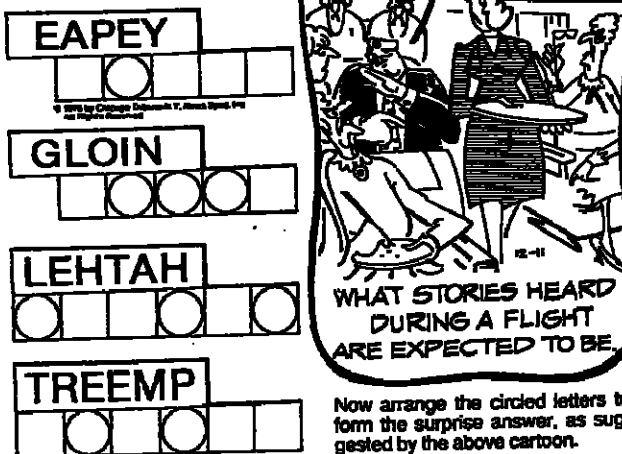


RIP KIRBY



JUMBLE THAT SCRAMBLED WORD GAME

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



Answer here: ON A (Answers tomorrow)

Saturday's Jumble: AWASH TULLE PENCIL BEAUTY

Answer: Where his wife sent him—"UP THE WALL"

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BOOKS

THE DUEL OF THE GIANTS

China and Russia in Asia
By Drew Middleton. Scribners. 241 pp. \$10.95.

Reviewed by Christopher Lehmann-Haupt

AN INCIDENTAL point that Drew Middleton makes in "The Duel of the Giants" is that China and Russia each tends to see itself as the center of the universe. One suspects that only consideration for the feelings of his audience kept him from saying the same thing about the United States, because one startling conclusion that can be drawn from this eye-opening geopolitical study is that Americans too see reality as diminishing the farther they look from their shores. "American politicians and officials have been so concerned with the Soviet presence in Europe," writes Middleton, "that they have failed, with few exceptions, to assess the change that has overtaken the Soviet Union's political and strategic position in Asia."

What is the nature of this change? The end result of it is that China and the Soviet Union now confront each other across the border between Manchuria and Siberia, both armed to the teeth and bristling with enmity—an enmity that has been brewing for four centuries and wholly obscures any interest the two might share as twin colossuses of the Communist world. "The northeast quarter of Asia is one of the world's flash points," says Middleton. "The Sino-Soviet antagonism is the cardinal fact of political-military life today, while for the Soviet Union it is at least as significant as the challenge presented by NATO on the Western front. The security of all the rest of us, especially the United States, depends on how that antagonism is resolved."

These are the conclusions that Middleton drew as the result of a three-week visit to China immediately after the death of Chairman Mao Tse-tung and the transference of Huo Kuo-feng over the Gang of Four, and for which he was invited to look at the Chinese military establishment. He did not make a comparable trip to Siberia nor does he pretend to understand the Russians even to the limited degree that he does the Chinese (a presumption of understanding the Russians being as palpably false, as Charles Bohlen has pointed out, as the belief that alcohol does not affect one).

But out of this visit and earlier forays into Russia, he has constructed a history of Sino-Soviet relations, an analysis of the two

powers' relative military strength as well as their respective interests of both sides of their borders, and hedged speculation on what the future may hold. Considering all the obstacles Middleton faced, "The Duel of the Giants" is an impressive performance. Except for an occasional tendency to generalize ("The Chinese are a good-natured people," for which he claims legitimate excuse that time is short, and an intermittent dropping of the thread of logic, which comes of trying to explain a huge number of contingencies in a small amount of space, the book is hard-headed and expert, a welcome antidote to any solipsistic fantasies we may have about reality beginning an ending in the Western Hemisphere.

That its Western front is strategically pre-eminent in Russia's planning is not the only U.S. misconception that he attempts to correct. He also attacks the notion that China has achieved the status of a superpower ("The strongest impression I received... was that the quarter of a century of propaganda, China remains a developing country," or that Chinese military strength is anywhere near that of a superpower. Neither its masses, nor its vaunted skill at guerrilla warfare will begin to compensate for its lack of sophisticated weaponry should war with the Soviet Union occur.

Fierce Rivalry
Will such a war occur, in Middleton's opinion? It isn't "imminent," he believes; nor is it "inevitable." But it is most decidedly "probable."

"Yes, indeed"—given the two countries' fierce nationalism, the nearly paranoid concern for the territories that lie on either side of their border, and their contention for leadership in the Communist world.

And where would such a war which Middleton clearly believes the Soviet Union would win, leave the United States? Beyond speculating how difficult it would be to sell the American people on providing military support for China, he stops short of spelling out what the world would be like if the Soviet Union held unrivaled sway in eastern Asia. He leaves one with a strong impression that he would prefer to see the thaw in U.S. relations proceed apace.

Of the impact of such a war on the United States, he leaves doubt whatever: "The American capability to control military events in East Asia is negligible. It breaks out between the Soviet Union and China we would face, as did in 1914 and 1939, the full questions of whose side we were and what we were to do about it. This date of the giants begins, impact on the United States will be tremendous. History will ask questions. America will have to answer them."

Christopher Lehmann-Haupt is book reviewer for The New York Times.

CHESS

By Robert Byrne

The French-Polish grandmaster Savielly Tartakover once quipped, "Sacrifices only prove that someone has blundered," meaning that either the sacrifice is unsoundly offered or the opponent's error made it possible. Often, however, sacrifices prove that the defender has put up so much resistance that a routine would fail.

In such cases, the sacrifices represent a super, final effort necessary to demolish the defense. They are in no sense icing on the cake, for without them there would be no cake.

The most beautiful example of a sacrificial mating attack in the World Chess Olympiad in Buenos Aires was produced by the United States champion, Lubomir Kavalek, in his 11th-round game with the West German grandmaster Robert Hubner.

The early tempo-gain was 4... Q-N3; 5 N-N3 had no lasting value since the tempo was soon recovered by 8 B-K3, Q-B2. Moreover, Kavalek was not hindered from setting up an attacking formation with 9 P-B4, 10 Q-B3 and 11 P-N4.

After 14 K-N1, the exchange with 14... NxB; 15 PxN would only have strengthened the white center and N-R2 and 17... N-N4 intended to compel the exchange of the white QN, thus weakening Kavalek's grip on the center.

After 18 B-Q4, it would have been wrong to play 18... NxB; 19 NxN/A, P-K4; 20 N-N3, B-QB3 because 21 N-Q5 would have given White an unshakable hold on his Q5 square and the threat of 22 P-B6 could not have been countered. Instead, Hubner's 18... B-QB3; 19 PxP, NxNch; 20 BxN, NxP/3 enabled him to get his king out of the center after 21 KR-B1, Q-O.

After 23... N-B4, it looked as though Hubner's tenacious defense had robbed Kavalek of winning chances, and the exchange with 24 NxN1, PxN nipped together the black queenside pawns, making possible threats of 25... P-B5 or 25... P-N5. However, 24 NxN1 was in reality the beginning of one long magnificent combination, eliminating Black's control of his K4 square.

Kavalek's 25 Q-B5! allowed no time for 25... P-B5 since 26 Q-K51, P-B3; 27 PxP, BxBP; 28 Q-



Position After 21 N-B4

K6ch, R-B2; 29 RxB1, PxR; 30 Nch, K-B1; 31 B-N6ch, N-B4. On 25... P-B5, White could have had to 26 B-N6ch, Q-RK1, K-N1. On 26... P-B5, White could have had to 27 B-N6ch, Q-RK1, K-N1. On 27... P-B5, White could have had to 28 B-N6ch, Q-RK1, K-N1.

Hubner kept struggling, faced nonstop ferocity. Kavalek 32 QR-K11 opened the QB file with rooks. Hubner's 33 BxR3, a threat that could not be met by 32... B-B5 because 33 RxB3, RxB3; 34 P-B7! After 32... B-B5; 33 B-N6, the threat of 34 B7! had to be stopped by 33... R-B2.

Kavalek made short shrift of that, smashing the blockade by 34 BxR, QxB; 35 P-N6! to set up concluding queen sacrifice with 36 Q-N6ch, BxB7! Hubner's 36 P-B7, a threat that could not be met by 36... QxQ; 37 RxB7, RxB7; 38 R-B8ch, BxB7.

SCILIAN DEFENSE
White Black
1 P-B4 P-B4
2 N-K3 P-K3
3 P-Q4 P-Q4
4 B-N3 B-N3
5 P-B3 P-B3
6 P-K3 P-K3
7 P-Q4 P-Q4
8 P-B3 P-B3
9 P-K3 P-K3
10 P-Q4 P-Q4
11 P-B3 P-B3
12 P-K3 P-K3
13 P-Q4 P-Q4
14 P-B3 P-B3
15 P-K3 P-K3
16 P-Q4 P-Q4
17 P-B3 P-B3
18 P-K3 P-K3
19 P-Q4 P-Q4
20 P-B3 P-B3
21 P-K3 P-K3
22 P-Q4 P-Q4
23 P-B3 P-B3
24 P-K3 P-K3
25 P-Q4 P-Q4
26 P-B3 P-B3
27 P-K3 P-K3
28 P-Q4 P-Q4
29 P-B3 P-B3
30 P-K3 P-K3
31 P-Q4 P-Q4
32 P-B3 P-B3
33 P-K3 P-K3
34 P-Q4 P-Q4
35 P-B3 P-B3
36 P-K3 P-K3
37 P-Q4 P-Q4
38 P-B3 P-B3
39 P-K3 P-K3
40 P-Q4 P-Q4
41 P-B3 P-B3
42 P-K3 P-K3
43 P-Q4 P-Q4
44 P-B3 P-B3
45 P-K3 P-K3
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61 P-Q4 P-Q4
62 P-B3 P-B3
63 P-K3 P-K3
64 P-Q4 P-Q4
65 P-B3 P-B3
66 P-K3 P-K3
67 P-Q4 P-Q4
68 P-B3 P-B3
69 P-K3 P-K3
70 P-Q4 P-Q4
71 P-B3 P-B3
72 P-K3 P-K3
73 P-Q4 P-Q4
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76 P-Q4 P-Q4
77 P-B3 P-B3
78 P-K3 P-K3
79 P-Q4 P-Q4
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81 P-K3 P-K3
82 P-Q4 P-Q4
83 P-B3 P-B3
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86 P-B3 P-B3
87 P-K3 P-K3
88 P-Q4 P-Q4
89 P-B3 P-B3
90 P-K3 P-K3
91 P-Q4 P-Q4
92 P-B3 P-B3
93 P-K3 P-K3
94 P-Q4 P-Q4
95 P-B3 P-B3
96 P-K3 P-K3
97 P-Q4 P-Q4
98 P-B3 P-B3
99 P-K3 P-K3
100 P-Q4 P-Q4

DENNIS THE MENACE

By Dennis the Menace



"DO YA MIND NOT 'SOCIATIN' WITH ME UNTIL AFTER CHRISTMAS? I DON'T WANT SANTA CLAUS TO THINK I EVEN KNOW YOU!"

1st Team Victory Since 1972

McEnroe Defeats Mottram To Win Davis Cup for U.S.

By Neil Amdur

RANCHO MIRAGE, Calif., Dec. 10 (AP) — John McEnroe, playing singles for his country for the first time, won the Davis Cup for the United States today, beating Buster Mottram of Britain, 6-2, 6-2, 6-1. The United States had not held the cup since 1972.

After pummeling a service winner at match point, the 19-year-old American slammed the ball high over the stands, ran to the net, jumping and dancing along the way, his arms held high. American captain Tony Trabert and trainer Bill Norris rushed to meet and embrace him.

One more match remained in the series, between Brian Gottfried of the United States and John Lloyd of Britain.

Full details in tomorrow's editions.

U.S. Took Lead in Doubles

RANCHO MIRAGE, Calif., Dec. 10 (NYT) — There was no Davis Cup tennis miracle in the desert yesterday. Stan Smith and Bob Lutz, conducting business as usual, gave the United States a 2-1 lead over Britain in the final with a 6-2, 6-2, 6-3 victory over Brian Cox and David Lloyd.

It was the most one-sided performance for the American duo since they began representing the United States in 1968, and extended their unbeaten cup doubles record to 10 straight matches.

But Friday's night's stunning development in singles, with Buster Mottram rallying from two sets down and match point to beat Brian Gottfried, the Americans were taking nothing for granted.

"I think it's one of the best matches we've ever played in the Davis Cup," the 32-year-old Smith said,

when asked how Mottram's 4-6, 2-6, 10-8, 6-4, 6-3 triumph had affected them. "We wanted to play every point."

In contrast to Friday's night's 4-hour-29-minute marathon between Mottram and Gottfried, which deadlocked the series at one-all, the doubles took only 74 minutes. The Americans can regain the cup for the first time since 1972 by winning one of today's two singles between John McEnroe and Mottram and Gottfried against John Lloyd.

Cox and Lloyd were a new team constructed by Paul Hutchings, the British captain, to maximize his personnel. They won the key doubles in the interzone semifinals against Australia, beating Geoff Masters and Ross Case, but were no match for the more experienced Americans.

In the first set, the British tried to win the war at the net, but were netting reflex volleys in close exchanges and were unable to handle Lutz's angled forehand cross-courts and Smith's backhand slices.

The Americans ran off 9 straight points. They broke Cox and Lloyd's lead early and then Lloyd, older brother of John, lost the set when Lutz poached.

On the Move

"When we play our best, we really move a lot," Smith said of the poaching tactics at the net and aggressiveness that characterized their play. "Tony (the American captain, Tony Trabert) was really adamant about our moving."

The British changed tactics in the second set and played from the baseline while receiving serve in an attempt to neutralize their opponents' power tactics. But this strategy also failed when the Americans turned to delicate drop volleys, and the 6-foot-4-inch Smith angled smashes for winners.

Smith and Lutz are an interesting pair. Like Bob



Buster Mottram returns to Brian Gottfried with a strong forehand.

Hewitt and Frew McMillan, they reflect the notion that opposites attract in doubles. Both are Californians and right-handed, but the similarities end there. Smith is lanky, soft-spoken and serious, once America's No. 1 player but more recently bothered by arm trouble. Lutz, 31, looks like a halfback, and his flashy forehand is an extension of his personality.

Mottram's five-set victory over Gottfried sent shivers through the American camp in more ways than the score. It was like a trip from summer to winter. The match began under a warm, blue desert sky, with Gottfried cruising comfortably, 6-4, 6-2, and 7-6, 40-30 in the third set, but it finished under an evening

chill with the 6-foot-4-inch Mottram sweeping the last three sets, 10-8, 6-4, 6-3.

By the time Gottfried lost his serve on the second match point, only about 500 spectators, most bundled under blankets, remained from the crowd of 3,553 that had watched the 19-year-old McEnroe open and close with aces and grant only five games to Lloyd.

Nastase Upsets Connors

FRANKFURT, Dec. 10 (AP) — Ilie Nastase upset Jimmy Connors, 6-1, 6-2, last night in the semifinals of the Frankfurt Cup tennis tournament.

AAU Conduct Action

Five U.S. Swimmers Banned for 2 Years

By James Tuite

NEW YORK, Dec. 10 (NYT) — Five outstanding U.S. swimmers have been barred from international competition for two years in a surprisingly strong crackdown by the Amateur Athletic Union over violations of its disciplinary code.

Thirteen teen-aged girls have also been barred from international meets for three months for violating the new AAU code. Tracy Caulkins, who won five gold medals in the world championships and is the United States' chief hope in the 1980 Olympics, was reportedly among the 13 involved in a curfew violation.

The AAU would not reveal the names of the five swimmers who drew the more severe punishment, which begins Jan. 1. The list reportedly includes Marc Foreman, a junior at Tennessee, who will miss the Moscow Olympics unless the punishment is revoked.

4 Others Barred

The others who were reportedly involved in both curfew violation and drug usage during a training session in Colorado for a meet in Canada were Steve Tallman, a 22-year-old Californian attending the University of Washington; Jan Ujevic, a 17-year-old breast-stroke specialist from Pittsburgh; Beth Harrell, 18, of North Carolina State, whose ambition is to become

a parole officer, and Gina Layton, an 18-year-old student from Darien, Conn. None of the drugs reportedly used was performance related.

Some of the swimmers involved in the curfew violation during a meet in Austin, Texas, were said to include Joan Pennington, 18, of Nashville, who attends the University of Texas; Cynthia Woodhead, 14, a Californian who won three gold medals in last summer's world championships; and Kim Linahan, 15, of Florida who won two bronze medals at the world championships.

Michael Troy, California-based chairman of the International Swimming Division of the AAU, confirmed that 13 athletes were barred but would not disclose their identities.

"It's hard to say," he replied when asked how the action would hurt U.S. chances in international meets. The three-month bans should have little impact because there will be few such international events for the next few months. If they want, the girls can take part in the one major competition — at Harvard during early January — as representatives of their clubs.

"The main thing," said Troy, once a world-class swimmer, "is that the athletes know that there is such a code and that it will be enforced. All of the swimmers and their coaches were required to sign an acknowledgment of this before it was implemented last August."

"It's one thing for a 22-year-old swimmer to go off and have a bottle of beer," he continued, "but the AAU has a responsibility to the parents who have put their children in our care expecting them to maintain a certain code of conduct."

Public incidents involving swimmers have been rare in this country. The most notable one involved a champagne-drinking episode that resulted in the suspension of Eleanor Holm from the 1936 Olympics.

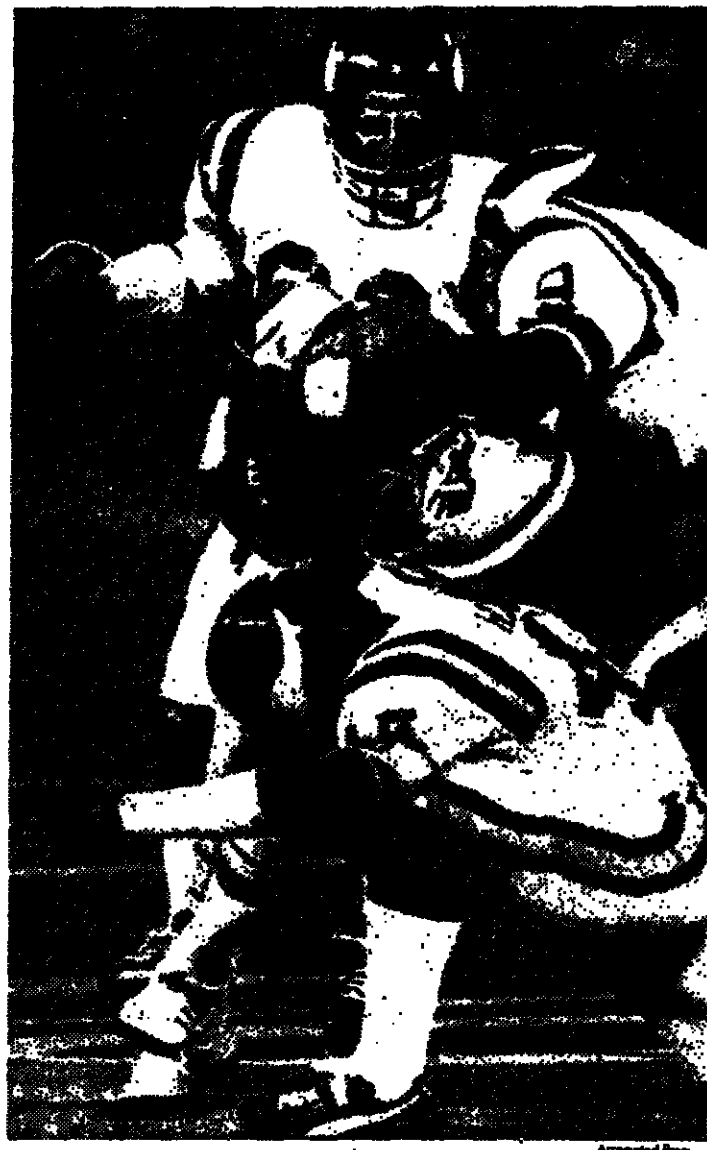
All Blacks Beat Scotland After 1st-Half Deficit

EDINBURGH, Dec. 10 (AP) — Graham Mourie's 1978 All Blacks yesterday became the first New Zealand rugby union team to defeat England, Ireland, Wales and Scotland on the same tour.

The All Blacks defeated Scotland, 19-9, in a pulsating match at Murrayfield, after having trailed, 0-6, in the first half.

The tourists have lost just one match all tour, a surprise defeat against Munster, and that record hung in the balance as the Scots attacked the New Zealanders vigorously and had the All Blacks hanging on grimly until the final minute of a match that finished near dusk.

But in the final minute, with the New Zealanders holding a three-point lead in the face of sustained Scottish pressure, Billy Osborne engineered the action as the New Zealanders broke out. Osborne kicked ahead and Bruce Robertson ripped the Scottish player Keith Robertson in the battle to touch down. Bruce McKechie converted the penalty to give the tourists a nine-point margin.



Detroit fullback Horace King breaks tackle by Minnesota's Doug Sutherland (69), Tom Hannon, bottom, and Matt Blair, right, to take backfield pass 54 yards for first touchdown.

Free-Agent Rules Freeze Rosters

Days of Easy Dealing in Baseball Fade

By Joseph Durso

ORLANDO, Fla., Dec. 10 (NYT) — "I've been making trades in baseball for 35 years," said Gabe Paul, the president of the Cleveland Indians and a wheeler of the front rank, "and it's never been harder to make a trade."

"You used to be able to horse-trade. You'd have a roster of 25 players, and all 25 were available to be traded. Charlie Finley once got mad at Gary Alexander and traded him to us for Joe Wallis, whom we'd picked up from the Chicago Cubs only an hour before. Charlie was life, a fickle lover. He'd love you one day and leave you the next."

"Today?" Paul reflected, focusing on a week when the economics of baseball took a historic turn, "maybe you could trade half of the 25 on your roster. The rest are frozen by legal restrictions, too tight; no-trade clauses or just high salaries that few teams can handle."

Sims Selection

In the third year of the free-agent revolution, Paul and the executives of the 25 other clubs in the major leagues came to Orlando for their winter-meeting last week in a trading mood. As they headed home during the weekend, they left the skimpiest talent market in years — and a scene dominated by Pete Rose, a free agent who signed with the team of his choice, and Rod Carew, a potential free agent who refused to be traded now.

During the same business convention last December, 53 players were exchanged in 22 deals. During the last six years, 322 have been moved in 119 trades at the winter gathering of the clubs, and at times, the total approached 10 percent of the manpower in the big leagues. But during the last week, with 1,800

officials jamming the sessions, only 12 trades were made and only 31 players changed sides.

Where in the name of Branch Rickey did all the horse-traders and their prizes go? What has happened in the quarter-century since the New York Yankees and Baltimore Orioles swapped 17 players in one mass trade? Or in the one year since four clubs exchanged 11 players in one package of many persons?

To people watching the market here this week, the answer was clear: The traders are still there, but the rules have changed radically since the courts decreed in 1976 that players could become free agents at certain times in their careers.

As a result, more than 100 players have taken their chances in the auction market, some have signed for more than \$3 million and others have accepted long-term contracts from clubs trying to cling to their stars.

So for two years, a kind of chaos churned through the rosters of the big leagues and their 1,000 players. Salaries soared, stars jumped, contracts grew complex. And because players could not become free agents after six years in the big leagues, the teams rushed to protect their stars — or to trade them for something before losing them for nothing in the auction market.

But now, rather suddenly this week, the frantic transition seemed to have run its course. After two years, the revolution has reached the stage of consolidation. The Cincinnati Reds may have lost Pete Rose to the Philadelphia Phillies for \$3.2 million for four years, but they kept Tom Seaver at \$2 million for five years. A player's file has become a dossier of seniority and status rights, the team rosters have congealed in red tape and the number of men who might be freely traded has dwindled.

"When the free-agent system came in," said Harry Dalton, general manager of the Milwaukee

Brewers and a star of previous trading markets, "we felt it would take five years to see its full effect. This is year three, and you can see the effect; it's already difficult to trade your players."

"Your key players are under long-range contracts, and can't be traded easily. Your younger players are not so well-known to other teams, and they're now more important to you, anyway, because they can't leave yet. And your stars who are available in trades are getting paid so much that you can't move them so freely."

"For all these reasons, the talent is finally getting locked in. Not only that, but the initiative is changing: More players are entering the auction market, so the clubs are preying on the position of reacting. They either look for talent in the free-agent market, or they don't get much. You do it, or you die. The old-fashioned system of simply trading players is being crowded out."

NBA Results

Phoenix 124, Boston 104
New Jersey 108, Washington 100
Houston 116, New Orleans 105
Chicago 102, Portland 90
Indiana 114, Detroit 107
San Antonio 122, Golden State 105
Los Angeles 101, Milwaukee 85
Seattle 107, Atlanta 100

Bethesda's Games
New Jersey 125, San Diego 120
Chicago 101, New York 96
Washington 101, Phoenix 96
Cleveland 115, Philadelphia 107
Houston 114, Portland 109
San Antonio 122, Detroit 108
Denver 113, Milwaukee 103
Golden State 94, Atlanta 84

NHL Results

Pittsburgh 3, Montreal 3
Los Angeles 4, Colorado 3
St. Louis 4, Philadelphia 3
Detroit 5, N.Y. Rangers 4
N.Y. Islanders 2, Toronto 2
Philadelphia 1, Boston 2
Washington 7, Vancouver 5
Buffalo 4, Pittsburgh 1
Chicago 4, St. Louis 2
Milwaukee 3, Colorado 1
Los Angeles 5, Atlanta 1

Patriots Edge Bills in Final 8 to Clinch AFC East Title

From Wire Dispatches

FOXBORO, Mass., Dec. 10 — David Pease kicked a 21-yard field goal with eight seconds left today to give the New England Patriots a 24-23 victory over the Buffalo Bills and clinch the American Football Conference Eastern Division title.

The winning kick capped a 53-yard drive in eight plays and assured the Patriots, 11-4, their first divisional title in 15 years.

With Buffalo leading 24-23, New England took over on its own 47. Steve Grogan hit three passes and Sam Cunningham and Horace Iv-

ry supplied the rushing yardage to move the ball to the Buffalo four. The Patriots then called on Pease, who had earlier missed a 42-yard field goal, and he responded with the field goal.

Giants 17, Cardinals 0

At East Rutherford, N.J., Randy

Dean threw his first NFL touchdown pass, a 6-yarder to tight end Gary Shirk, late in the first quarter, and Doug Kotar rushed for 111 yards and a touchdown to help the New York Giants snap a six-game losing streak with a 17-0 victory over the St. Louis Cardinals.

Dean, starting his first game as a pro because of a knee injury to Joe Pisarcik, hit Shirk in the end zone on a rollout with nine seconds left in the first period. The score capped a 56-yard drive and gave the Giants a 10-0 lead.

Kotar, who became the first Giant to gain more than 100 yards in a game this season, bulled his way for the final TD with 7:19 left. The score was set up when Maurice Tyler recovered a fumble by former Giant Gordon Bell on a punt, the fourth fumble lost by St. Louis.

Cowboys 31, Eagles 13

At Philadelphia, Dallas running backs Tony Dorsett and Scott Laidlaw each scored two touchdowns on a run and a Roger Staubach pass to give the Cowboys a 31-13 victory over the Philadelphia Eagles and the home field advantage in the first round of the NFC playoffs.

The Cowboys, who clinched the NFC East title last week, converted two turnovers into touchdowns on Laidlaw's 1-yard run and a 16-yard pass from Staubach to Dorsett to take a 14-0 lead 6:01 into the game and coasted home in the second half.

Browns 37, Jets 34

At Cleveland, Don Cockroft booted a 22-yard field goal with 3:07 into sudden death overtime to give the Cleveland Browns a 37-34 victory over the New York Jets.

Cleveland quarterback Brian Sipe passed for 283 yards and New York quarterback Matt Robinson, who paced a furious Jet comeback, threw for 289 yards in the contest. Robinson fired three touchdown passes, including two in the fourth quarter.

SATURDAY

Lion 45, Vikings 14

At Pontiac, Mich., Gary Danielson threw a Detroit record five touchdown passes yesterday, three to Leonard Thompson, as the Lions shocked the Minnesota Vikings, 45-14.

The Lions' point total was their largest since 1967 and it was the most points given up by the Vikings this season. The loss blunted Minnesota's bid to capture its 10th division title in 11 years.

Steelers 35, Colts 13

At Pittsburgh, Terry Bradshaw, passing with precision on a frigid, snow-covered field, threw for three touchdowns yesterday to lead the Pittsburgh Steelers to a 35-13 victory over the Baltimore Colts.

The Steelers raised their record to 13-2, insuring them the home-field if they make it to the American Conference title game.

Nottingham Forest Halts at 42 Victories

LONDON, Dec. 10 (AP) — Terry McDermott scored both goals as Liverpool defeated Nottingham Forest, 2-0, yesterday and snapped Forest's 42-match unbeaten record in English League soccer.

Liverpool, the reigning European champion, outplayed Forest, which was unbeaten in the league for more than a year. Liverpool's local rival, Everton, kept in the championship race with a 3-1 victory over Birmingham City and third-place West Bromwich also won, beating Middlesbrough, 2-0.

U.S. Woman Skier Scores First Victory

PIANCAVALLO, Italy, Dec. 10 (AP) — Abigail Fisher of South Conway, N.H., scored her first World Cup victory here today, taking a women's special slalom ski race.

The 21-year-old American clocked an aggregate time of 1:49.81 minutes in the two heats to finish one hundredth of a second ahead of Perrine Pelen of France, who placed second in 1:49.82.

Read Leads Canadians in Downhill Victory

By Samuel Abt

SCHLADING, Austria, Dec. 10 (IHT) — Ken Read of Canada, a top finisher in training runs last week, showed today that practice makes perfect as he won the first downhill race of the World Cup skiing season over a muddy course.

Read finished just ahead of a teammate, Dave Murray, as the strong Canadian team also placed Steve Grogan, third, and Steve Podorski, fourth.

Because of a continuing warm spell and subsequent deterioration of the course, the race was shortened by 600 yards to a length of 1,650 yards with a drop of 715 feet. For a time it seemed that the race, over a run generally considered to be among the fastest in the world, might be canceled.

Read finished in 1 minute, 32 seconds and 11-hundredths of a second, with Murray 6-hundredths of a second behind. Third, 13-hundredths of a second back, was Vladimir Makov of the Soviet Union, rookie on the World Cup circuit at a surprising ninth in the downhill world championships last January.

Fourth was Herbert Plank of Italy, with Peter Wirsberger fifth, the only Austrian in the first 10 to the lead disappointment of tens of thousands who watched. Andy Gill, in 11th place, was the highest American finisher.

Peter Luescher of Switzerland jumped as the leader on the combined tally of performances in the slalom and downhill races with 1,864.91 points. The slalom event was run yesterday.

Second in the combined count was Leonard Stock of Austria, 1,870.09, with Andreas Wenzel of Switzerland placing third at 1,878.85.

Standing afterward in the finish area, which was among the sections of course not included in the race, Read was pleased with his victory. It was his third on the World Cup circuit, the first coming in Val d'Isere, France, in 1975, and the second in Chamonix, France, last January.

Asked last week why he was going so well in training — twice at once, second and once fourth — Read said that he had concentrated more on technical work this

season. "I skied the course today as I did in training," he said after the race, "but with a couple of minor corrections for conditions. The top was grippier and the bottom wetter."

The final decision to hold the race was made two hours before the start after repeated inspections of the course by officials of the World Skiing Federation and a meeting of what was frankly described as the crisis staff of the organizing committee.

Warm Wind, Melting Snow

As they talked, a warm wind, the foehn, continued to blow from the south, rippling the many flags decorating this village in southwest

Austria and, less prettily, melting the snow on the course. Since much of it had been trucked in from nearby meadows, it contained a mixture of gravel and earth, which had been frozen until the frigid weather broke here late Friday night.

As the earth softened and spread while the snow melted, the usual downhill finish area turned into a long slash of sticky gray on Planai Mountain.

At 9 o'clock this morning, while the jury was inspecting the run, the temperature stood at 28 degrees, about 25 degrees higher than at the same hour two days ago. Around noon, when the decision to attempt the race was made public, the thermometer had risen a few more degrees as the sun pushed through dark, thick clouds.

Season Started Late

Yet officials were determined to start the race. The season is already a week late after races scheduled last weekend in Val d'Isere were canceled because of lack of snow. Both the men's and the women's schedules are being juggled daily to meet changing weather conditions.

Because of the warm wind, it rained all day yesterday in the valley where Schlading sits, but in the surrounding Tauern range of mountains there was a new dusting of snow. It was too high to help here.



Ingemar Stenmark glides through second slalom run.

Stenmark Is Fastest in the Giant Slalom

SCHLADING, Austria, Dec. 10 (IHT) — Ingemar Stenmark of Sweden set off after his fourth consecutive World Cup skiing championship here yesterday with a convincing victory in the giant slalom, the first race of the season.

Afterward, he took an unmistakable dig at the circuit's new scoring rules, which many observers believe were changed to force him into the downhill.

Skiing over snow softened by an overnight change in the frigid weather here, Stenmark won both runs. He was timed in a total of 3 minutes, 2 seconds and 24-hundredths of a second. Next, 1 and 86-hundredths seconds behind, was Peter Luescher of Switzerland, with an Italian prodigy, Leonardo David, third in his first World Cup race.

Jean-Luc Fournier of Switzerland was fourth and Piero Gora of Italy fifth. Among the Americans, Phil Mahre finished highest, 18th, more than seven seconds behind Stenmark. Cary Adgate was 23rd, Steve Mahre 44th and Andy Mill 50th.

Implied Criticism

After the race, Stenmark spent what was for him an unusually long time answering reporters' questions in a variety of languages. When he turned to his native Swedish, he referred to the changes that award points to the best 10 finishers in the combined, a paper race scheduled to be tabulated four times this season, including here.

"Perhaps if I won today it was because of the new rules," Swedish reporters quoted Stenmark as having told them. "You saw Phil Mahre and (Andreas) Wenzel and the others in the downhill training. . . . He did not finish the sentence, the Swedes said, nor did he need to.

Wenzel, Mahre and Klaus Heidegger — Stenmark's major rivals in the slalom and giant slalom last season — have indeed been practicing this week in the downhill in hopes of gaining combined points. But Wenzel finished a lackluster 14th in the giant slalom, Mahre was 18th and Heidegger 21st.

Stenmark contends, although he has usually spoken through friends, that it is impossible to practice all three disciplines and win during the crowded World Cup season. There will have been 32 men's races, including the 4 combined events, when the tour ends March 20.

Wenzel's Frustration

In corroboration of Stenmark's thesis, the unhappy Wenzel finished his second run by banging his poles to the ground and announcing, "I don't go well in the downhill and I don't even go well any more in the giant slalom." He finished second overall in the event last season.

He was not alone in his troubles. Nineteen men in the field of 72 failed to finish. Those who did agreed that the course — 1,350 yards long with a vertical drop of 340 yards through 59 gates — had been difficult to handle. More than 4 inches of wet snow fell during the night on the course, high in the mountains above this village in southwest Austria. The first run had to be delayed an hour as crews spread snow cement, a chemical bonder that resembles sand, around the gates.

The first few finishers in the opening run reported that the snow was firm and offered more of a grip than they had expected. But later finishers complained that the snow had turned soft and brought to the surface gravel that damaged their skis.

—SAMUEL ABT

